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GREATER AMERICA

*By*  
WALLACE THOMPSON

THE PEOPLE OF MEXICO



THE MEXICAN MIND



TRADING WITH MEXICO



RAINBOW COUNTRIES  
OF CENTRAL AMERICA



GREATER AMERICA





# GREATER AMERICA

AN INTERPRETATION OF LATIN  
AMERICA IN RELATION TO ANGLO-  
SAXON AMERICA ~

*By*

WALLACE THOMPSON, Litt. D., F.R.G.S.

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of Central America," etc.  
Editor of *Ingeniería Internacional*



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FIRST EDITION

TO  
NANCY CLARK DIXON THOMPSON  
MY WIFE



## PREFACE

THIS is not a book of travel; it is not a study of sociology, a history or a compendium of commercial figures and opportunities. It has been conceived and written as an introduction, for those who have no acquaintance with Latin America, to the most important, and the most confusing, of all the new regions of the world, and for those who do know Latin America, it is designed to be a train of thought to lead them into the dazzling and colorful future that lies before the southern two-thirds of the Western Hemisphere, in its relation with the northern third.

The literature of fact and analysis about Latin America is growing and improving in value and solidity each year. Further and further our research pushes back the mystery of this nation or that, of this field of knowledge or that world of opportunity. By the very intensity of the analysis, he who would find his way today into the subject of Latin America or, being in it as a business man, a scholar or a diplomat, would touch the vital stream of its realities, is more confused, perhaps, than was his prototype of ten years ago.

Our tendency in studying or even observing Latin America is to sectionalize it, and I would record here that I too hold sincerely that no one can ever understand Latin America even superficially who does not realize the tremendous spaces in every field of judgment that separate nations and regions. But none the less our approach is toward Latin America as a whole, and (as a whole we must first grasp it) When we have done that we can, and must, continue with our more specific experiences or studies.

All of the popular general books about Latin America are

travel books, or of the type of the travel book, and seek to lead the reader into a knowledge of the region by the steps the author himself took, or, in the light of later knowledge, would take if he were doing it again. The modern man or woman no longer has the leisure or the patience to enter upon a subject in this way. He prefers, by the hundreds of thousands, to begin his exploration of Africa, for instance, on the back porch of a modern bungalow, and through the eyes of an old man selling iron grills, but an old man who has seen it all and knows it all as he knows the palm of his hand.

The author of this book is no greybeard selling electric waffle-irons but he has known Latin America longer and better, now, than he knew the home of his boyhood, and he has advised innumerable travelers and business men and others as to how to know Latin America best and most quickly. His greatest difficulty in giving that advice has been to find books, simple, comprehensive books, to suggest as an introduction or to serve as a guide into the deeper significances of that region. Such a book he is offering now. He believes that it will fill a need, and will serve, in some modest way, to stimulate that interest, that faith not alone in the destiny of Latin America, but in its definite and brilliant future in company with what they to the South call "Saxon America"—that is, the United States and Canada.

This book has, therefore, a mission, and an ideal. The mission is to serve those who would know Latin America, or would know it better. The ideal is expressed in its title, and has its roots deep in the faith that the Greater America is one of the noblest goals of the future, one of those inevitable developments in man's unfolding that the wisest instinctively rise to make their own, and the ablest find forced upon them and commanding their energies and labor. It is

an ideal, differing from (because modern empires are no longer built through the extension of the flag or the political domination of peoples and regions) but yet thrillingly like the ideal of "Greater Britain" which became the shibboleth of "Little Britain's" expansion in the long reign of Queen Victoria, and so created the British Empire, veritably on the foundations of men's own faith that it might be.

No one can guess exactly how that Greater America is to come into being; all we can know is that it is being created beneath our feet today. Nor can we envision with any accuracy what will be its contribution to the ultimate of human development. But we can trace the future dimly, not from the past which it must utterly transcend, but rather from the forces that have come into being in the past and that are in course of creation today. These forces this book seeks to set down for you. To me, this approach is the surest and most worthy introduction to Latin America, and the most clarifying means to a crystallization of our thoughts about the much or the little that each one of us knows today about Latin America. It is offered in that spirit and in the hope that it will so serve.

WALLACE THOMPSON.





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GREATER AMERICA



## *Chapter I*

### THE LAST TREASURE-HOUSE

FOR four hundred years, one of the mightiest reservoirs of wealth in human history has lain, virtually untouched, in the midst of the world. For three centuries of the life of Latin America, Old World adventurers scraped up the accumulated gold and silver of millenniums of easy Indian civilizations, opened the richest mines and carried the spices and "specialties" of a barbarous America to Europe. That Europe, bowed and slipping in the misery of the poverty inherited from the Dark Ages, raised its head, grew, prospered, became the proud mistress of the world. Latin America, virtually alone and under the crudest exploitation imaginable, rehabilitated Europe, created a new age (for Europe) and when its gifts ceased to be easy, itself slipped back into the coma of its late colonial poverty.

During the last years of the three centuries of colonial rule and into the first century of independence, Latin America slept in the memory of its glorious past. Few ships travelled over the seas to Spain, and British, French and Dutch traders were still discouraged from commercial intercourse and even from travel. Then slowly, but with increasing momentum, a new era of exploitation set in. For the last three-quarters of the Nineteenth Century these lands, whose riches to old Spain were in their gold and silver and precious stones alone, were developed into sources of the raw materials of commercial Europe. The immemorial fate of the Tropics, since Tyre and Venice first chained them to the galleys of their commerce, settled over the vast areas of the Americas.

The symbol of this era, which came down and into the first decade of this century, was the plantation system, with its fecund but unvaried crops, and the setting up of vast capitalistic machinery for the production of raw materials of mine and field and forest. How deep that enslavement to raw materials was, few realized until the great drop in commodity prices of 1930. Latin America emerged then as actually but little better off than during the colonial era, its place in the world's economy but little more secure than the status of interior Africa. The world crisis left most of the countries of Latin America gasping, because there was nothing in their economy that gave opportunity for recovery without the patronage of the world for its goods or for its government bonds. And both were at the lowest ebb in their history.

Yet the world is hungry, today, for new markets. It demands, over broader areas, higher standards of living that will create new and enlarged demands for what it makes and for what the raw-materials countries themselves produce. The crowded nations of the world demand yet another thing, that is, place in the new countries for their surplus populations, room where the emigrating hordes can build, not little Englands, little Germanys or little Japans, but new homes where they may live and prosper, unharassed by the crowd's pressure, and grow to economic units in the new nations which they are now ready to make their own as they have made the United States and Canada their new homelands.

Yet heretofore all our building of the new countries and new markets has been haphazard, unstudied, piteously wasteful. We have poured our resources, our capital and our human power broadcast over the world, into mad schemes, into hopeless projects in lands which cannot, for

half a thousand years, approach the ideal of our needs for soundly growing centers of new civilization, lands and projects which must for that long, at least, remain nebulous and incomplete, despite our unstudied enthusiasms. We have not chosen, as now we must choose, the area of the world which can first command our attention and should first be given the opportunity, the resources, the studied and steady support of capital and immigrants that will develop it into the source of the new economic and demographic strength which the world must have.

Latin America occupies, geographically, that center and focus of the development of the future. It covers nearly a fifth of the area of the world that is subject to ultimate development and yet it has, roughly, only one-twentieth of the population of the world today. Its resources have been sung in paeans of praise for all its known history, and fully half of what has been said is sober truth—a tremendous proportion for any unknown region to command. The Panamá Canal carries the east-west traffic of the world through that dooryard of Latin America, the Caribbean Sea, and Buenos Aires, the southernmost of the great harbors of the world, is fourth in activity and shipping—London, New York and Hamburg alone surpass it. Latin America's foreign trade totals about \$5,000,000,000 a year, a healthy sum even when compared with the estimated trade of the world, which is about \$70,000,000,000. (The exports are composed largely of raw materials, however, and many of the imports represent, not a healthy international trade but a poverty of those home industries which alone build up the living standards and the buying power of nations as of villages.) The potentialities of that area and even of its present population have only begun to manifest themselves; what it can and will do in a

quarter of a century from now, with a greater population and a more concentrated development of its resources, leaves the imagination utterly untrammelled, for the dream can hardly surpass the actualities of that future.

Latin America has been held back by very definite factors from too early a ripening of its economic power under ultimately destructive conditions. Chief of these factors has been its freedom from European and Asiatic colonial exploitation. The Monroe Doctrine, a much abused international policy, has been mightily effective; the contrast of what has happened to Africa in the past century and to Asia before and during that century, with what has *not* happened to Latin America is proof enough of its achievement of the protection from European partition and colonization. And in Latin America itself the proof persists.

There is no question that, but for the opposition of the United States, large and prosperous German colonies would now occupy southern Brazil, portions at least of Chile and probably of Argentina. The coffee industry of Central America, to a large extent German in its management, would long since have given excuse for interventions and annexation to Germany. Great Britain's undeniable interests in the Caribbean would have brought her new colonies, Nicaragua, Panamá, probably Costa Rica. Argentina, the gem of the constellation of Latin America, might conceivably today be British by nationality as well as by a notable admixture of English blood. And so on around the list, until Japan itself looms in the picture.

It is no idle talk that excepting for the unwritten but probably not unspoken support of Washington to the fears of Perú, Japan might even now be more strongly entrenched than she is in the population of Western South America. But for the Monroe Doctrine (which is always the easiest way of expressing a foreign policy of the United States that



perhaps needs no statement now but which certainly includes Japan in the prohibition against colonies in the American hemisphere), there might well be yet other Japanese national colonies on the American mainland. The fact that Latin America has been closed to colonies of energetic peoples is unquestionably one great factor, perhaps the greatest, in the continuing state of undevelopment there, but it has saved those lands until today, with the opportunities of the present for their own vigorous and capable populations.

Those populations have grown out of the elements within themselves, and into them entered, healthily, well-controlled foreign elements, Germans (without colonial prospects although not, perhaps, without hopes), English, Italians, Spaniards, North Americans, Japanese and Chinese. They mingled rapidly with the already mixed races of Portugal and the Spanish provinces (themselves a vivid and individualistic variety), with Indians of a dozen great and differing strains, and with the Negroes who had been brought in the colonial days from Africa. A melting pot it was, and is, compared to which the melting pot of the United States is a mere bubbling over a camp fire. This Latin American race, whose characteristics develop more and more clearly and in actuality veer with strange fatality toward certain characteristics of the new race of North America, dominates Latin America today. It will not change that domination, probably, in any immediate future, for it will absorb, as Saxon America has absorbed, the flow of immigrants that will come with commercial and industrial growth and with the rising standard of living that follows.

How great the opportunity of Latin America, and how great the world's need of the opening of its treasure-house and of its powers for the creation of new wealth and new human prosperity, lies today as an open book before a world

that can and must, for the next crowded century, develop its resources with slow deliberation and far-sighted wisdom. Ten years after the close of the Great War, men saw civilization tumbling toward collapse. A world bankruptcy, whose causes extended over the whole gamut of human enterprise, apparently threatened. The collapse of commodity prices seemed to indicate that too much was being produced, and the slump of the trade in manufactured goods that there were not enough people able and willing to buy. The possible, perhaps the final, answer has been the bringing into being of a new world where raw commodities might be given additional worth before they enter world markets and where, in that adding of fractions in value to raw exports, there might be created a new buying power that will demand, and consume, the quantities of surplus products that, by their lack of markets, have slowed up the tempo of the whole world.

Only a little over a century ago, at the time that the Monroe Doctrine was promulgated, George Canning, the British Prime Minister, declared that he himself had "called the New World into existence, to redress the balance of the Old." There has been some mild debate, largely on patriotic lines, as to the justice of the personal claim in this assertion but the fact is beyond dispute, certainly in the political realm, that the New World has redressed the balance of the Old. But a greater question than politics looms and the creation of a new world of economic power in North America has dominated the industrial and commercial progress of the world. Yet to far-visioned men for years, and to some of the wisest for a century past, there is yet another step to be taken. The New World must be called into *full* being, must take its part as the keystone of the economic arch of modern civilization. To that end not alone Saxon America, with its vast resources and tremendous manu-

facturing and buying power, but Latin America, with its wealth of materials and men of the tropics and of the mountains and of the south temperate zone, must come into full flower. Destiny has long pointed toward that dim ideal. Today it has become a necessity of our civilization.

In the crisis of 1921, the economic power of Latin America was obscured by the very practical difficulties of over-orders and crowded stocks that wrecked the plans for the immediate revival of that depression, but it was a fact seen clearly by a few that the world would probably have had a better chance of recovery, even then, if the wealth which was later poured into the open maw of Europe could have been diverted deliberately to the building up of Latin America. An investment of great capital in Latin America, even in the crude ways in which capital was then invested there, would undoubtedly have created vast and permanent new markets for goods and machines and materials. Latin America would have become literally an incubator of wealth and the return, not the capital itself, would have provided a sounder rescue than could possibly be accomplished, as 1931 proved, in the pouring of that capital into Europe's bottomless pit. But the money, was, after all, poured into Europe, and not until the orgy of spending which culminated in 1929 had set in was Latin America considered a field for investment. Even then there was no studied plan, no careful preparation such as, alone, can serve to build a new world of business and trade and human welfare.

Even when the flood of golden investment came, it was unstudied, uncontrolled, and dried up almost overnight after six years of spending without direction and without supervision. Not yet has Latin America had the opportunity for which it had waited for four centuries, not yet

has it even begun to take its place in the economic world. The collapse of 1930 showed all too plainly that its products were still essentially raw materials to which virtually nothing had been added before shipment, and in whose preparation the methods of a century had gone on virtually unchanged.

A sweeping statement, that, but the notable exceptions only emphasize its inherent truth. Immense importations of machinery have gone into Latin America, modern methods in meat packing, fruit growing, in the handling of certain steps in the preparation and shipping processes have been adopted, but the field is still practically virgin. Latin America uses, still, but a fraction of the machinery that would lighten its tasks and redouble its human power. Yet the very fact that its development has been delayed, as was laid bare by the revelations of the depression of 1931, is in itself promise of what may be when organization comes. And that future is not, certainly, of goods and markets alone, but of human welfare and social and political progress in every branch.

The tendency toward greater industrialization, toward that development which is so simply expressed by the adding of a fraction of value to raw commodities before they are shipped, is pronounced today from one end of Latin America to the other. Twenty nations await the aid and the help and the demand from the older nations to enter into a new era of their development. The peoples, through the slow evolution of the past century of independence and thus of varied increments of population, are ready, now, for that help and that counsel. They can be definitely moved to become a part of the development of the world, and to do it under the helpful aid of the older peoples of their own America, and with a definite end in view.

The financial phase of such a continental development is not the least of its problems; it is perhaps the first, granted the premises which have been set down here. These needs take two forms. One is for a new flow of capital investment. The other, which is perhaps more definitely practical today, is for longer credits that will enable progressive industrialists and engineers to obtain, under terms justified by their needs and reliability and by the soundness of their business plans, the machinery and the supplies that will enable them to continue their industrialization and to expand it. Both lead to the development of that higher standard of living which will naturally result in the purchase, by millions who will be raised up from the populations of today, of more goods abroad, even if of very different kinds than are now imported. Thus, by the adding of this new purchasing power to the reservoir of world wealth, we shall bring into the balance of all the older world the vivid power and reality of the newer nations.

Of investments, there is one profound truth that must be stated thus early. This is, that as in the past most of the investments in Latin America have been in government securities and therefore limited by fixed public incomes which in time of crisis fall and make the burdens of debt excessive, so in the future the trend of investments must inevitably reach into new directions, into industries, into productive public works, and into supervised expenditures of every sort under engineers and industrialists. The loans to governments in Latin America in 1923-29 generally were not excessive, even if some of them were wasted, by the standard of the incomes of the boom years. Many of those loans were for purposes which properly might have been extended for payment over fifty or even a hundred years. But beyond the type of government loan which the world's insularity (and particularly that of the United States) made

the rule in that investment era, rise the opportunities of controlled, supervised investments in national and private "plant" for the creation of that higher standard of living and buying power that is the economic demand of the world.

"New markets" are, however, but a portion of the world's need for the creation of a Greater America, of a new power in the countries of Latin America. Those nations present, even more definitely than Australia, New Zealand and South Africa, outposts of the type of civilization on which the world we know has been built. They have suffered, invariably, by the reflections of distress periods in Europe and in the United States. They are definitely a part of the world in which we live. Culturally, they are of the same great Aryan strain to which we turn; there is no break there with tradition or experience. They hold, those few millions of men and women of our cultural and racial strains (mixed though they be with autochthonous races which they are definitely absorbing into their national life), a vast area of the earth's surface. That area they cannot hold alone, either against the reversions to lower types that now and then seem to be the characteristics of their political history, or against a future spread of the Oriental races into this rich region. Europe for a few years, and then North America, will definitely need those areas for expansion and for the living of their own peoples, peoples like Latin Americans and a part of the civilization to which they belong. Latin America must have help to retain its place, and it must also have the type of help that will develop its commercial and financial strength.

A quarter of a century looms as a relatively small space of time, but in the history of the United States, of Canada,

or of Latin America it is crowded with possibilities. The past half-century of the history of the American nations in the North of the hemisphere is crowded and colorful. Into it entered myriad forces, part of which we can analyze, and part of which still remain vague but none the less dominating. The next twenty-five years will see tremendous changes, both here and there, but probably more in Latin America than in the North. It is certain that their populations will increase, but probably in waves, not in any steady stream either to this country or to that. It is certain that the south temperate zone and, surely and not slowly as man makes increasing gains by his machinery, the cool highlands of the sub-Tropics and Tropics, will become new granaries of the world. This will come despite overproduction today of every food that man eats; growing populations and new trends in economic structure in the older as well as in the newer nations will take care of that. They will add more and more, even to their food-stuffs, before they go abroad. Their wheat will become flour, their coffee perhaps coffee extract, their nitrate finished fertilizers or gunpowder, their fruits perfectly graded, or tinned to meet the needs of distant peoples, their meats cut into chops and steaks and, with quick-frozen processes, come to the world's kitchens unchanged by long shipments.

Time will be annihilated; within the next two or three years, airplanes will carry travelers from New York to Buenos Aires in three days, less of a change than the first air mail that came in ten days, as compared with three weeks by steamer — an event which took place in 1929! North and south the lines of air travel are safe and sure, as are radio and the sea lanes and railways and roads, indeed. Geography has united the Americas, and the grasping of the opportunities and the needs of the future will link them and help them to grow more closely together.

Latin America has reached the end of the period of easy acceptance of exploitation. It is a moment of vital importance to those countries and to the world. The glut of raw commodities in 1930 was in large part due to uneconomic, uncontrolled production on an exploitation basis, either by foreign companies or local political leaders, in Latin America. That day is gone, and probably forever. Investments in the future will control it by more skilled and more far-seeing supervision of expenditures in the light of world needs and markets. Economic self-sufficiency is the demand, today, in the countries of Latin America. It is a gallant demand, and to its achievement will move all the forces of their national organizations. The world will, in the future, have something to say as to that, and through the investment of new moneys and the extension of new credits, the wisdom of long experience will be brought at last to the determination of the directions of Latin American advance. That it will be toward closer co-operation with the United States and with Canada is inevitable from the tendencies of the past. That this will bring Latin America more definitely into the world of affairs, is destiny.

The last treasure-house, one virtually untouched by the long history of its easy exploitation, remains to be opened. The world has need of its wealth, and of its power for the creation of a new cultural and economic unit about itself. This is the place for a Greater America, and this the destiny that makes its promise the most outstanding fact in our world today.



*Chapter II*THE END OF FOUR CENTURIES OF  
EXPLOITATION

LATIN AMERICA is as deeply founded as is Saxon America on the ideals of political and economic independence. Today the national will of twenty countries holds firmly to the determination that not only shall no foreign power dominate its political life but that no foreign power, individual or national, financial or commercial, shall dominate or greatly influence its economic life. The coming quarter of a century seems destined to see a significant sharpening of this grasp for untrammelled liberty. Its complete acceptance by the world outside will be one of the first and greatest steps in the harmonious development of the Americas. The United States has for the past decade contributed, by its investments and its machinery, unconsciously to this end. The broader acceptance of the idea, and studied planning to make it a full reality as a part of the creation in Latin America of new markets and new sources of wealth, will certainly be one of the outstanding features of inter-American diplomacy and business in the new twenty-five years.

Liberty has for a century been far from an abstraction to Latin America. There were many "Tories" amongst the creoles (the native-born whites) in the hectic period of revolution, but once political separation was proven possible, there was comparatively little divergence of opinion on the importance of the independence of the various countries — although there was enough controversy, certainly, on the form of the government. Politically, however, the Spanish creoles of South America, México, Central America and

the Antilles had been kept in a tutelage which, after three centuries, had left them with but little knowledge or training for the new tasks of government in their independent republics. No creole could hold high office in the colonies and, save in the municipalities, none could rule over the others or over the Indians. The lowliest immigrant from Spain was eligible for any office in the gift of king or viceroy, while the cultivated native-born sons of former rulers were automatically shut off from power and opportunity. We need not wonder at their firmness in determining to hold to their hard-won freedom.

There was an even greater unanimity on the question of economic independence. Through all the three centuries of Spanish rule (and the case was largely paralleled in Portuguese Brazil, despite its later importance as the seat of the government of the combined empire of Portugal and Brazil) exploitation by the crown was the basis of colonial relationship. The Pope had granted the vast spaces of the New World to Spain and Portugal, holding only to the demand that their kings convert the Indians to Christianity. The gift was taken literally. The gold and silver of the rich Indian empires became automatically the property of the king, trade was stifled, except between the mother country and the colonies, and this was so even when the ships which had come in such numbers in the earlier years had dwindled to one small convoy a year. The colonies were prohibited from manufacturing anything that Spain or Portugal could produce. The English, French and Dutch traders who came first to the infrequent open fairs and then remained to smuggle and later, as buccaneers, to waylay the convoys of laden galleons, made themselves barely felt in the continuous economic domination of the Spanish fatherland.

Their economic difficulties under Spain had made the colonials, when they emerged to independent nationhood, bitterly suspicious of all European commercial overtures. This feeling and the inexperience, in commerce as in government, of which they were so painfully conscious, at first made them frankly fearful of the designs of the English and French who sought their trade and, in the earliest period of their national expansion, sought also the control of their ports and communications with the outside world. These suspicions have not all disappeared with the passing years, for they were founded in bitter memories.

The English colonies which declared their independence in 1776 had suffered their own difficulties in trade restrictions that were similar in kind, if not in severity, to those of the Spanish colonials. But looking back on the latter, it is difficult to realize that these abuses could have endured for 300 years, for fully 200 of which the population was considerable and the trade a notable factor in the wealth of old Spain. The oldest English colonies of North America had been founded but 150 years and the bulk of the population had been in America but two generations when the revolution which created the United States broke out, as the result of abuses infinitesimal in comparison with those suffered for three centuries by succeeding generations of colonial-born Spaniards. He who thinks that the present-day desire for economic independence is not deep-rooted, lacks one fact that will clarify all the study of the present and the future in Latin America.

Raw materials, in the thought of civilized man, have been something that comes from beyond the seas, chiefly from the Tropics, to be manufactured at home and both consumed at home and shipped abroad (back to the Tropics often

enough) in forms which induce even the original producers to buy them by paying quadrupled values in the same or other raw materials for them. South America learned in the three centuries of Spanish and Portuguese rule what it meant to be at that end of the market. Primarily they dug gold and silver from the earth and shipped it home, but they also sent fibers and dyes, spices and foodstuffs and all the simple things that simple men have from the beginning of history gathered for the more sophisticated and traded in exchange for glass beads and gaily printed cloths. In the early centuries of Spanish rule, the indigenous natives were driven as slaves to meet the greed of the conquerors. The Indians — so many hundreds or thousands, as specified — were given as grants with the land to the favorites of the king or viceroy. In the years of gruelling labor under heartless overseers (often their own kin and blood), they died by the hundreds of thousands and perhaps by the millions, for we do not know how many Indians there were. Negro slaves from Africa were thereafter imported into the Spanish and Portuguese Americas probably in greater numbers than into the present area of the United States. They went first to replace the Indians, or to regions where there had been but a sparse population of Indians, but in the end they became the backbone of the production of the plantations which grew up in the later colonial days. Most went to the sugar-producing islands of the West Indies, but a vast population of blacks were also taken to and have been absorbed into the populations of Brazil, Venezuela, Colombia, México, all the Caribbean islands and the portions of South America that still remain colonies of Europe; that is, British, Dutch and French Guiana.

Meanwhile, the white men born to those who had once

come from Spain and Portugal had themselves slipped into an inferior position, as noted, to the "Peninsulares," or men from the Iberian peninsula. The wrongs of the Indians and Negroes meant little to them, perhaps, until they began to need those lower "castes" for their armies in the revolutions, but the sense of wrongs political and economic was borne in upon them all, high and low, black, brown and white, increasingly as time went on.

This political and social inferiority (of which more in later chapters) was but part of the system by which the New World was chained to the profit of the Old. The economic philosophy of the Seventeenth and Eighteenth Centuries held as a primary principle that the precious metals alone were wealth. México and Perú furnished these in great abundance, and while the production of raw materials was encouraged to a certain extent, as by the British in their overseas possessions, gold and silver were regarded as the chief source of the wealth of the Indies. Both in English and in Spanish and Portuguese America, there was that discouragement of local manufacture, for the colonies were regarded as fields for the trade of the home manufacturer, even when the gold and silver with which he was paid were in constant danger of confiscation, without recourse, by the Crown.

The production of the mines was assured by a rigorous labor control of the Indians under the system of slavery or death for armed resistance and, later, of the *encomiendas* and *repartimientos*. Under slavery, cruelties untold took place in mines and plantations, and the Indians died like flies. The *encomiendas*, under which Spanish favorites received whole villages as feudal fiefs and with feudal obligations of care and religious conversion, proved little bet-

ter save for the furnishing, thus, of serfs for the fields and mines. The *encomiendas* were virtually abolished in 1542. The *repartimientos*, literally "distributions," while originally the first grant of feudal rights (the *encomienda* being, literally, a confirmation of that grant, with hereditary rights to the second and even down to the fourth generation), came finally to mean the feudal control of villages and groups of Indians and, more specifically, to refer to those used in the slave gangs of the mines.

Meanwhile, Indians were of course driven to the cultivation of the land and the raising of food for their overlords and for the slaves of the mines. The Indians of virtually all of what is now Latin America were agricultural in their economic habits, and, unlike the wilder tribes of northern North America, were easily turned to plantation labor. Into this phase entered the work of the friars and Jesuits. The missions which penetrated far into the present United States and into the distant interior of all of the countries of Latin America were models of administration and (for that day) efficient production. Great companies of Indians were brought under the beneficent sway of the priests, primarily for their education in Christian doctrine but secondarily, and effectively, for discipline and the teaching of agriculture and animal husbandry. The missions had a tremendous influence, and if they reached but few and if they failed to inculcate ideas of independent achievement, yet in the end they added their bit to the economic life and to the future foundations of productive society in Latin America.

In the conquering of the vast areas at their hand, the Spaniards and Portuguese were limited by their own standards of wealth and by the concepts of the age in which they lived. They conquered the mountains, for their hardy explorers unearthed virtually every high-grade gold and silver

mine of importance which has since been known throughout Latin America; the tradition even down to today is that where the Spanish explorer found nothing, it is almost useless to seek. They developed their prospects often into deep shafts and tunnels that broke away from the old rat-hole system of following the vein which the Indians, and the first Spaniards, had instinctively used. The writing of the priests of a practical turn of mind which have come down to us are often remarkable in their descriptions and in the theories and practice of metallurgy which they discuss.

But the Spaniards did not conquer the jungle or the desert or the vast distances. The great plains of Argentina, comparable in every way (and often to the benefit of Argentina) to those of mid-Western United States and Canada, were never taken by the white men until fifty years of independence had passed. It has remained for the descendants of the pioneers, using in large part the methods and the machines which had been evolved in the United States during the preceding fifty years, to begin the solution of the problems of distance, and of jungle and desert. That conquest is a history of our own time, the foundation that has been built, laboriously and with many failures, for the solid structure of the future toward which these pages look.

In commerce, as has been suggested, the colonial epoch was definitely and rigorously limited. Trade was alone with Spain or Portugal, and foreigners were excluded from the colonies on pain of death. Foreign merchants could come only to the fairs which were held at long intervals — the chief one at Puerto Bello, in Panamá, south and east of the present Caribbean mouth of the Canal and in colonial times the terminus of the great causeway that crossed the isthmus to the City of Panamá on the Pacific. Even trade

between the Spanish colonies was restricted, and the number of ships which could go to any single port was a subject of decree, and of orders that were obeyed. Two ships a year only were permitted to go to Buenos Aires, and this rule — designed to maintain the primacy of the Viceroyalty at Lima — resulted in the establishment of the long trail over the Andes from Lima to Buenos Aires, across which passed the bulk of all the freight that ever reached the settlement which is now the queen city of Spanish America. The galleons traveled from Spain to Puerto Bello, their cargoes were transshipped across the Isthmus on muleback and by human carriers, and reshipped again down the long Pacific coast to Lima. Thence that designed for Buenos Aires went, by mule, llama and porter, over the Andes and down the rivers or across the plains to that distant haven.

The colonial Spaniards were hardy tradesmen, but in actual practice the net result was to limit their needs and to keep them chained to their few imports and to the goods they themselves could make out of rough local materials. The Spartan simplicity of their lives, and the lack of development of the needs of the Indians, certainly accounted, well down to the present, for the limited and but slowly growing markets which the European traders found when, after the independence, they first took their way with ships and goods to the ports of Latin America. Centuries of limited living had reduced wants to a minimum, and it has been only through years of slow social as well as economic development that higher standards of wages, based upon as well as creating new needs, have come into full force.

When the revolutions had been won in the first two decades of the Nineteenth Century in Spanish America, and long before the separation of Portugal and Brazil, the new



nations turned to the task of creating their national entities. Debt and political inexperience weighed upon them, their economic growth was a thing that was yet to come. They must import, and to buy abroad they must produce raw materials as in the old colonial days, or borrow. It is hardly to be wondered that they turned first to the loan-wicket in the international market place. The story of that first experience is one that has come down to this day, and has embittered both South American borrowers and English, French and Dutch lenders. The investment cycle of 1923-31 with its difficulties, waste and defaults is light reading compared with the tales of the Nineteenth Century financing of Latin America by Europe.

In that earlier era of expansion, men were thinking in terms of a "new political economy." Its primary tenet was that—the experience of the past rather than an estimate of the future was obviously consulted — each nation should produce that which it found it could best produce and should exchange that product for the things that other nations made, and that there should be free and unrestricted trade between all nations. Most of us have forgotten that primary element in the English doctrine of free trade—that the nations should produce that which they could make most satisfactorily. But Latin America does not forget, for that was the end which she held up, with little glory and less profit. By that dictum, which forced vast areas, nations indeed, to the concentration on such crops as sugar or coffee, rubber or copper, wheat or wool, Latin America was brought back once more into economic bondage to Europe, and that before one nation of the whole twenty had had a chance to try anything else!

For a full century that tutelage lasted, grimly binding the rich countries of South America and Central America, Méx-

ico and the West Indies, to the production of raw materials. They were encouraged, as under Spain, to have no manufactures, no means of adding aught to those raw materials, and were utterly without experience to offer any other economic plan. The most modern enterprises became the mining companies, or logging, hemp, banana, sugar and coffee plantations. The plantation peonage system, differing hardly in anything but name from the old Spanish *encomiendas*, gripped and held Latin America in its vise.

To struggle was apparently useless. A few of the richer nations, with growing populations of British and native-born Britons, of Italians, French and Germans, were beginning to see a chance to emerge, as the first decade of this century ended. Just before the outbreak of the World War, there were intelligent, perfectly coherent economists and leaders who saw that there must be an escape, and in their search they turned to every hand and to every nation that was in contact with them.

Argentina first, and in a lesser degree Brazil and Chile, were emerging, with the help of foreign investments, and were putting in local factories, tiny, uneconomic affairs, nursed to life and maintained alive by hothouse tariffs. But even then bitterness over the situation was not general throughout the countries.

Then came the war and its cataclysms. Latin America suffered, economically, with the rest and in many ways endured more than some other parts of the neutral world. It found, in the first few months and years of the conflict in Europe, multiplying new markets for its raw materials, and money poured in. Then, with restricted shipping, greater danger on the long journeys, and more and more self-sufficiency in Europe and North America, fewer and fewer ships

came to carry away any goods save war supplies. Before the war ended, Latin America was suffering in the paralysis of all normal functioning of world commerce. The bitter lesson of the producer of raw materials was driven home once more, that no one will buy unless there is economic necessity, and will not sell unless it is easy and very profitable to do so.

In the wake of the war came the wild scramble for the Latin American market, along with the other markets that had been neglected so long by every manufacturing nation of the world. Latin America, like most of the rest of civilization, had bought freely from the United States — on the own terms of the North American manufacturers — in the early war years and when the war ended the North Americans, with the rest, plunged into export with the emphasis on Latin American trade. The result is known well by everyone who joined in that glorious dumping party. Latin American merchants ordered or allowed themselves to be sold immense bills of goods, often many times what they wanted or could use, for they had been used to over-ordering and getting but a fraction of their orders, again like the rest of the world. And when those goods came to port, all of them as ordered and on time or ahead of time (for the factories were geared to tremendous production), the Latin Americans left them on the docks and in the warehouses, because there was not enough money to pay for them, or enough customers to buy them if they were taken on any terms.

Adjustment came, as adjustment will, and in the eight years which followed the trade of Latin America swung to its highest peak, loans reached figures that would not have been believed possible before the war, and there began a sane, solid, normal growth that, despite the temporary set-

backs following 1929, leads to distances and to opportunities not easy to envision conservatively. But through all this development has run and will run the grim determination that whatever is done shall be done for the building of the economic autonomy, the independence of the Latin Americans.

To this end the commerce itself of recent years has tended. Industrial machinery has become an increasingly larger proportion of the imports — machines that have built and are building the “plant” for that economic self-sufficiency. Less and less have imports been the rougher goods of primitive people — those, where needed, are being made at home. The imports and exports, increasing in volume, have begun to include increasingly the exchange of commodities between prosperous communities which is the modern development of the old free-trade idea. It is no longer free, for it is exchange and the seeking of markets and the seeking, too, of goods to tempt the studied purchases of people en route to wealth and prosperity.

Thus Latin America has emerged from the years of its slow development into a modern era in which the first steps have only now been taken. A tremendous area is yet to be reclaimed, a growing and varied people are yet to be given the opportunities from which for four centuries they have been shut off, and a commerce is to be built that will mean much to human comfort and progress there, and will give much to the world which has waited so long for its development.

### *Chapter III*

## THE AREAS TO BE RECLAIMED

LATIN America stretches through ninety degrees of latitude, and ninety degrees of longitude, a quarter of the way around the world, east and west, and half the distance from pole to pole, north and south. Its total area, for twenty countries, is about 8,500,000 square miles; its population is approximately 120,000,000. That is 15 per cent of the land area of the globe and about 6 per cent of the world's population. Only Australia, outside the polar regions, has a smaller continental population in proportion to area. Asia has about twice the area and over eight times the population, that is, sixteen times the proportional population, as compared with Latin America. Yet this vast expanse is not a desert wilderness, but a continent blessed with the exuberance of the Tropics in about four-fifths of its area, and one of the most productive sections (potentially) of the north or south temperate zone in the other quarter.

In this area twenty independent republics now exist. They range from Brazil's 3,275,000 square miles with 40,000,000 estimated population to Haiti's 10,200 square miles and 2,300,000 people or, amongst the continental countries, to El Salvador's 13,176 square miles and 1,650,000 inhabitants — the two latter densities of population being comparable to that of Czechoslovakia. The countries range in civilization and modern progress from the finished product of transplanted European culture in Buenos Aires to the coco-chewing Indians of the Andes of Perú and Bolivia, a people starved with hardship and stupefied by their drug. In other words, a continent stupendous in area, appalling in the ga-

mutts run by the contrasts amongst its nations and its peoples.

This great region has undergone an irregular development through the four centuries since it was opened by the Spanish and Portuguese explorers. That development has been influenced by myriad factors of prime importance which have developed in the struggle of man and Nature over its vast distances. The almost superhuman achievements of the conquerors and of those who came after them, in exploration as well as in war, have proven in a hundred fields that these men from the south of Europe met great difficulties with all the hardihood and all the genius for conquest of the greatest of the pioneers of the northern section of the hemisphere. They worked through the same years, and through the same or more bitter difficulties in the geography and climates they encountered. Yet Hernán Cortés conquered México with 600 soldiers. Francisco Pizarro overturned the powerful Inca empire of Perú with a literal handful of Spaniards behind him. Pedro de Alvarado hacked his way through 500 miles of mountains and jungle from México to conquer Guatemala. Spanish (and English) adventurers scaled the Andes of Colombia, Venezuela and Guiana in search of the "Gilded King" — an adventure in which Sir Walter Raleigh met his fatal disgrace.

In the days of the revolutions this same strain of Spanish blood in the person of Simón Bolívar led the tatterdemalion rabble of his army from the steaming plains of the Orinoco across the freezing Andes and down a thousand miles of its prodigious valleys to defeat the last remnants of the Spanish army in highland battles in Perú. In that same era, too, Spanish genius and Spanish planning prepared one of the most remarkable campaigns in military history, when José de San Martín led his army across the Andes in the south, from Mendoza in Argentina to battle with and defeat the

Spanish power in Chile, making the passage of the Andes without the loss of a horse or a mule or a man, as the record on his beautiful monument at Mendoza proudly relates.

Thus the battles against the Spaniards were fought with the forces of Nature seemingly seeking to thwart the revolutionists, a symbol of the mighty problem of the conquering and taming of forest, desert and mountain which is one of the recurring and tremendous themes of Latin American history. The contribution of the men of these new nations will recur again and again in this book. The unfriendly elements which these men have met and meet today will in later pages, perhaps, seem to take secondary place, but always throughout every study of Latin America looms overwhelmingly the nature of the land in which their people dwell and work.

The Western Hemisphere is a double spiral linked, like a figure 8, east or west as your finger turns or as the trade winds blow, but always north and south. You may go almost directly south from the east coast of North America to the west coast of South America, or in the reverse direction and with other goals, with a wider swing to east or west, but ever north and south between the two. The airplane has shown this unity, for there are no prevailing headwinds whirling about a spinning world on the north-south lanes, and intercontinental air traffic over vaster distances than the "great circles" of the North Atlantic was a practicable and profitable reality within two years of the first exploratory flights. Radio, because night and day are the same throughout the Americas, links the cities of both continents without diffusion or distortion and in the bond of common talk and common music. The ship lanes are

plied easily and safely and the reversed seasons of North and South but cement a commercial relationship that inevitably must make the common carriers of the sea swift and profitable, with mightier leviathans, generations hence, than plow the North Atlantic. The long stretches of the continents have challenged railway builders for a century and highway makers for a decade; both will some day, from a distant Olympus, see their dreams materialized beyond their maddest flights of fancy.

In the heart of the world between the two lobes of the hemisphere lies one of those regions which, since men first went out upon the oceans in ships, have determined history and human development, a great sea lying between the nations. The Caribbean has been compared in phrase and metaphor to the Mediterranean, although it has only to a limited degree the geographical characteristics of the *Mare Nostrum* of classic history. Yet its effect, less obvious, on the strategy of the world of today and on the relations of the nations which fringe it and lie beyond it, north and south, has been tremendous. Its military importance, since the construction of the Panamá Canal, has been multiplied a hundredfold and has swayed the sea power of the United States — and of England. The effect of the Caribbean on the Latin American policy of the United States has long been in the nature of a determinant, outside of choice, of many of its major decisions in foreign relations. But aside from all these the physical Caribbean itself has had, and as the Panamá Canal's outlet to the Atlantic, now has, a yet greater influence on the destiny of the Americas.

In appearance a division, the Caribbean Sea is in reality the greatest of the links between North and South America. South of it lie unexplored, almost impenetrable, mountains



and the vast lowlands of the Amazon basin, yet because of the Caribbean, populous nations full of promise and achievement rim the northern edge of South America. Because of it, the fringing civilizations of northern South America are in communication with all the world, by crossing steamship lines and by sea planes which coast the land with a security that flying above the jungle can not yet give. The Panamá Canal has turned the Caribbean into a cross-roads, and has, with the Caribbean, brought the West Coast of South America — until 1914 the most distant from “civilization” of all the inhabited regions of the globe — within a relatively short sail, and much briefer flying, from New York and Montreal.

All of Latin America, not even excepting these storied regions of the Caribbean and the valley of the Amazon in Brazil, hangs dangling upon the rocky backbone of the Western Hemisphere, that chain of mountains which is known as the Rocky Mountains in Canada and the United States, as the Central Range or Cordillera in México and Central America, and as the Andes in South America. Every physical characteristic, even the Amazon and the plains of Argentina, seem appendages of that vast chain of mountains which by its convolutions (and with its eastern spur that lies across the northern edge of South America) was perhaps the physical cause even of the Caribbean Sea. The Amazon, to carry the metaphor further, was doubtless once only a vast ocean gulf between the main range of the Andes and that eastern spur which dominates Colombia and is the background of Venezuela and the Guianas. The rivers which are now the Orinoco, the Amazon, the Paraná, the Paraguay and the Rio de la Plata were once coursing mountain streams scouring the sides of the Andes, and

carrying their rock and silt outward to fill vast ocean gulfs to make the tropic jungles and the "chaco" of the North and the flat plains of the Argentine pampas in the South. To this day the outpouring mud of the Amazon yellows the Atlantic for two hundred miles beyond its mouth, and it was this immense volume of fresh water and of silt which made the early voyagers realize that they were skirting a mighty continent and not an archipelago. The Rio de la Plata, the 200-mile wide estuary on which face Argentina and Uruguay (and Buenos Aires and Montevideo, their capitals, 125 miles apart across the river) is no "river of silver" as its name implies, but a muddy stream carrying the washings of vast areas and gleaming in silver reflection only in the slanting rays of the rising or setting sun.

Mountains are the dominating element in the geography and in the life of México. Two ranges, the one a continuation of the Rocky mountains on the West, the other apparently a recrudescence spur of the Alleghanies on the East, converge upon the great central valley in which lies the City of México at an altitude of nearly 8,000 feet above the sea. The plateau between these ranges is desert-like in the North, but in the South and in its extensions toward the Pacific it is rich and fertile. Here the centuries of Indian, Spanish and modern Mexican history have been unrolled, here has been the chief source of the food supplies of the inhabitants, and in the surrounding mountains have lain México's historic wealth of gold, silver, copper and other minerals.

Tradition has it — and the ruins in the southern states of México and in Central America carry conclusive evidence — that the succeeding civilizations of México as of Central America came originally, in waves, from the cultural center

of the Mayas in Tabasco, Campeche, Yucatan, Guatemala and Honduras. Driven out by plagues, famine and changing climates, the ancient dynasties emigrated to the highlands, but the jungle lowlands, with petroleum and with certain possibilities for agriculture, have remained an important section of the country, albeit overshadowed always by the hills. Indeed the valleys reaching down from the snow-capped volcanoes of the central plateau toward Vera Cruz on the Gulf of México have long been rich producers of both tropical foodstuffs and specialties and of corn and beans, the staple foods of the Americas. But México is of the mountains, and must always be, and he who would understand México must know the people of the hills, and the domination which they have exercised through all Mexican history on the government, the economics and the very thinking of the masses of both highland and lowland.

Central America is a country of contrasting nations, tiny though they be, alternately highland and lowland. Each has its low coast country and its high country. Guatemala, Honduras and Costa Rica have given their eastern coast over to bananas, a producer of wealth and prosperity, but the life of the country itself is in the hills. El Salvador is a tropical garden, intensively cultivated, and lying along the lowlands of the Pacific, but with the mountains shutting it in, protecting it, giving it contrast, too, with its neighbors. Nicaragua, spreading across the continent, again lives chiefly in the lowland country of the Pacific, on the shores of its two great lakes. The eastern coast is but little developed, and the mountains are a wilderness with a few coffee plantations on the lower slopes, and a small mining development. Costa Rica, living in the heights, has raised up its Spanish race unadulterated, and in the relatively cooler regions of

the altitudes is prospering and producing, too. Panamá, the site of the great canal, owes its power and importance to the fact that the backbone of the Rocky-Andean chain dips at the isthmus to its lowest spot in the length of the two continents; mountains, by their absence, are its power and its great reason for existence.

The Andes of South America flow southward from Panamá in an ever-rising chain, spreading into two ranges, east and west, and a narrow highland plain, about 13,000 feet above the sea, between. The long eastern spur reaches through Colombia and Venezuela and, in the deeply wooded hills of the Guiana jungles, almost to the Atlantic. It is cut, however, by the Orinoco (itself one of the world's mightiest river systems) which on its part has taken from the mountains the earth and sand with which to fill the limitless flat lowlands which the Venezuelans call "*los llanos*," the plains. The *llanos* are the most famous physical characteristic of Venezuela but, again, the eastern spur of the Andes dominates the life of Venezuela. They lie, frowning and repelling, along the southern length of the country and, sharply raising the land to a plateau on the northern edge, lift lovely Caracas, the capital, 3,000 feet above the cloud-swept Caribbean, less than twenty-five miles away. Further west the mountains form Lake Maracaibo in a mountain-locked basin of brackish water connected with the sea, into which the island of Porto Rico could be dropped without touching the edges of the lake. These mountains are Venezuela, and determine the life of Venezuela. They have imprisoned its petroleum, on their slopes its coffee is grown, and in the highland valleys its cattle prosper. Venezuela, in its mountain cradle, waits surely,

indeed, for a development to which its characteristics will contribute, not detract.

Colombia is a series of massive knots of mountains, with lovely valleys between, "savannahs" richly cultivated where there are people to need their produce, and some of them raising, now, crops of coffee and sugar and cattle to be shipped abroad as communications come. The riches of Colombia, mineral and agricultural, challenge the hackneyed phrase that they "have not been scratched." A vague realization of those potentialities (and of the practical and financial difficulties of development in those tumbled, mighty regions) permeates the country and the people. Valleys, leagues long, hundreds of leagues indeed (a league is the distance man or beast can travel at a good walk in an hour, that is, three to four miles) are locked away and yet, where they have been developed, are actually garden homes for happy colonies. Each has a cash crop of some sort, or else a mining venture that yields money—but essentially it is a land where a living can be taken easily from the soil, room for the world's crowded millions. It is, too, a field for civilization and progress in varied directions of industry, mining and specialized agriculture. Beyond the crests of the Andes lies an immense area of Colombia partially within the Amazon basin and partially within that of the Rio Apure, one of the headwaters of the Orinoco. Today they are a wilderness, where no man travels and only a few Indians make their homes in huts or under the forest canopy of the jungle.

Ecuador, Perú, Bolivia (the high Andean republics) have much in common, and vast divergences. Ecuador, its capital Quito high in the mountains lying across the equatorial

line, has lowland plantations of cacao or chocolate and highlands peopled by strange, gentle Indians, with little industries like the making of Panamá hats, and a native agriculture. A bursting crown of mountains is Ecuador, its very life dominated by the heights. The coastal plain and the lowland valleys which penetrate a little into the interior are only a portion of its area but by far the most productive, with cacao and petroleum the chief exports.

Perú, with a narrow coastal plain intensively cultivated for untold centuries, through elaborate irrigation works which follow the hillsides in terraced gardens far into the mountains, is dominated, again and forever, by those frowning crags. Two mighty railways conquer the Andes of Perú, railways built in the flood days of Perú's wealth, in the third quarter of the last century, by Henry Meiggs. Meiggs was a North American engineer with the vision of a Cecil Rhodes and, fortunately for his dreams, the limitless purse strings of Perú's fertilizer revenue and of the investments of the avaricious British public (so like the avid North American public of seventy years later, in other Latin American investments). Perú, with the development of modern irrigation, well started after the new flow of investment began, developed sugar and cotton industries to supplement the mineral wealth of petroleum from the coast and of copper, vanadium, silver and gold from the mountains — only a part of the immense variety of Perú's mineral wealth. That apparently sound economic balance failed in the crisis of 1930, but its potentialities remained unimpaired and the proof of the possibilities of such sound economic balance in Latin America stand out like a sun of promise in the midst of the slowness of so many other developments.

Beyond the first range of the mountains lies the long, narrow, inter-Andean plain, stretching from Ecuador through

Perú and Bolivia to the Andes of Chile, where it disappears into the crags. Here sheep have been raised for four hundred years and, within the few years that have elapsed since the World war, the inbred descendants of the sheep the Spaniards brought in the Sixteenth Century have been bred up successfully to the production of meat and wool comparable to the best of their types in the world. Again beyond the mountains, with their sheep and their mineral wealth, lies the eastern slope of the Andes, the *montaña* or forested region that contrasts sharply with the barren wastes of the western slope where irrigation alone will produce crops.

On this eastern slope of the Andes lies a new future for South America, a world unknown and unguessed to the casual traveler, but homes for hundreds of thousands of white men (or yellow, if we allow them), balmy beneath the tropic sun but high enough to be free from its drawbacks. The mountains, again, dominating in threatening glory yet offering the riches and beauties of the slopes beyond those menacing heights.

And so on to Bolivia, the source of untold treasure of silver and of gold in the days of Spanish rule and today, from the abandoned silver mines, of tin enough to supply the world. Bolivia lies in the mountains, away from the sea-coast. Here the inter-Andean plain seems, to the traveler, the heart of the country, but its loveliest cities and its most charming and prosperous life lie again on the eastern slope of the Andes, in that *montaña* which is a large part of the promise of Bolivia, as of Perú. Beyond the *montaña* lies the Chaco, a wilderness of swamps and rough grasses and "scrub" forests, a region whose future has yet to be solved, both politically and in its economic development. Paraguay has built a nation on a portion of the Chaco area, but Bolivia has done only a little toward reclaiming its

share. Petroleum undoubtedly exists there, and will be exploited for the benefit of the world in that (at the moment) distant time when other more accessible supplies shall have been exhausted. Bolivia, indeed, is in so many ways literally the last of the unopened treasure-houses of the world. No man can guess all that it really contains, but the casket is richly encrusted, and the surety of its service when the need comes, and when South America is actually opened, is beyond question.

Chile, with its intense, active people, its strange geography (it is 2,600 miles long and averages 110 miles wide) is indeed of the mountains. At almost no spot in the length of the country are the Andes out of sight, and nowhere are they out of thought. The short, stormy rivers of the rainy season, the vast and forbidding nitrate and borax deserts of the North, are of the mountains first of all, and in the South the broad valley that lies between the low coastal range and the Andes is lovely beyond description, because it is a mountain valley of low altitude, and in the temperate zone. For in Chile the world is again *our* world, of winter and summer and lovely spring and gorgeous autumn, and the richest part of Chile, where the chief port and the capital are located, is in that fertile central valley. To the south, the lakes and mountains of Switzerland and the fiords of Norway are duplicated and even surpassed in beauty and in size. In Chile the highest mountains of the Americas are located, and the mightiest fiord, the long inland sea that leads, with but a single break, beneath glaciers and towering pine forests southward to Chilean Patagonia and the sheep herds of the South.

The nitrate fields which are Chile's chief exportable wealth are in the North, in the deserts which were perhaps



once the deltas of ancient rivers while in the North, and in the central regions also, are rich copper deposits, elsewhere iron and also coal, all, save the coal (which shelves out under the Pacific in mines worked beneath the ocean floor) the product of the mountains.

Beyond the Andes of Chile lies Argentina, where the mountains disappear as the dominating factor of the life and thought of the people. The mountain provinces of Argentina are poor and their people few, but from those mountains will perhaps come, in the course of the material development of the country, the electric power to move its mills and modernize its great farms. The *pampa* which stretches eastward like a gently sloping floor — in this unlike the rolling prairies which characterize the wheat lands of North America — are the cattle ranges, the vineyards (near the mountains) the corn and the wheat and the flax lands. In the North are the sugar and cotton fields, closer to the Tropics, and throughout the length of Argentina are potentialities well begun, but as yet only begun, to be developed.

Argentina's unfoldment is the story of the conquering of the fear and prejudice that held its people close to the great cities and the seacoast, and of a system of land tenure inherited from the Spaniards which is as yet not greatly changed. Yet because it must be changed inevitably, it makes the surer the promise that the development of this rich region has only started. It is only yesterday, in the memory of older men, that the cry was raised for the reclaiming of the "15,000 leagues" (a square league is nine to sixteen square miles so that is a magnificent area) of the *pampa* which is now one of the most productive areas of the Argentine countryside. Year by year, the reclaiming

of the West of the United States is paralleled in Argentina with the exception that, with modern methods and modern transportation, the speed of the achievement of the redemption of the rich, untilled regions in Argentina is infinitely faster than in our own western history.

To hurry on, then, with our picture. Paraguay is of the mountains, again, its hardihood (if not its wealth) being built on the struggle which its pioneers and their descendants waged with the Chaco, the flattened, swampy skirt of the Andes. Here they have built a nation and pushed back and back the domination of the wilderness, now by their own prowess, now by the closer adaptation of the native Guaraní Indians into the national life, again by the importation of foreign colonies, but always with the legacy of the mountains, that Grand Chaco, dominating the life of the country. Yet the packing of meat and the shipping of hides and dyewood and herbs has been a growing industry, and if the last frontier that will remain, half a century hence in South America, is to be Paraguay, it will yet be a virile frontier, and with much to contribute, of its own self, to our civilization.

Uruguay, occupying its (relatively) limited area on the Atlantic coast, between the national giants of Argentina and Brazil, is a land of rolling fields and gentle hills, far indeed from the mighty Andes, hills which need never have existed so far as any physical characteristic within Uruguay itself is concerned. Yet around and before its doors rolls the mighty majesty of the Rio de la Plata, with its yellow freight of silt from the distant mountains and the valleys of its great tributaries, a reminder continually of the continent that lies behind, and of the mountains that rise to their lonely snows a thousand miles away.

Brazil is characterized not alone by the great Amazon valley which perhaps owes its origin to its confinement within the shelter of the Andes and its eastern spur, but by highlands rising along the coast and extending for several hundred miles into the interior until they are cut off by tributaries of the Amazon. This range of mountains and plateaux seems to have no apparent connection with any but the hills of Uruguay, which are related to it, rather than the Brazilian highlands to the southern hills. It furnishes one of the outstanding features of the country, for here are located the rich temperate zone farm and grazing lands of Southern Brazil.

The foundations of the unestimated mining wealth of the country (beyond doubt excelled in variety and extent only by the United States, as a national area) were laid aeons ago in these same coastal mountain ranges. Brazil's dazzling and confusing history and the prodigality of its gifts come in large part from the fantastic nature of the country and, too, from the splendor of the settings of its cities, from Rio de Janeiro's matchless harbor and crowning hills to the superb sweep of the harbor of Pará which is actually the mouth of the Amazon. For Brazil is a country of cities, and urban life has developed further, there, than in most of the other countries of Latin America. This has been influenced in part by the geography of the country and its vast distances, making various centers imperative, but a condition, also, which has had its influence in turn on the direction of Brazilian growth and of Brazilian problems.

Of the Antilles, only a word. They are certainly, as a look at the map will show, the remnants of a spur of land that once circled and perhaps enclosed the Caribbean Sea. Colonies of Great Britain, Holland and France (which

hold, each of them, also a continental foothold in the Guianas, north of Brazil and east of Venezuela) dot the lesser Antilles. The United States holds the Virgin Islands and Porto Rico, and Great Britain has Jamaica, the Bahamas, Trinidad and Barbadoes and some of the smaller islands classified as the Lesser Antilles. Holland holds the famous old pirate stronghold — now the stronghold of Royal Dutch Shell Oil — Curaçao, and other less important islands off the coast of Venezuela, as well as Dutch Guiana. A tropical fecundity of the soil (where sharp coral has not had first call on geology) once made many of these islands precious as sources of sugar, and their romantic history of pirates and buccaneers is hardly approached by any other spots in the New World.

Cuba rules as queen of the empire of sugar, now a somewhat dubious crown, although hardly more than a hundred years ago France preferred to let England take Canada rather than lose the small sugar island of Martinique! Cuba, and the two young nations which now share the island of Haiti, the Dominican Republic and the black, French-speaking republic of Haiti, constitute all of Latin America in the West Indies today. Mountains and tropical profusion share the islands, gems upon the breast of the loveliest and most capricious of all the seas of the world. As a chain, the Antilles form a spinal column about the strategic Caribbean, for a string of mines laid between them would make its approaches difficult except under the guns of the power that holds Florida, the naval base at Guantanamo Bay in Cuba, Porto Rico and the Virgin Islands, lying beside and commanding the three great straits of entry into the Caribbean.

In the years that have followed the independence of the

nations of the Western world, from 1776 in the United States to 1898 in Cuba and to the evolution of Canada into a self-governing dominion, there has been unfolding on this hemisphere one of history's most striking records of man's harnessing of the physical forces of his environment. Change, and progress forward, have become commonplaces, and if the material development of the United States and of Canada has perforce crowded other actors out of the center of the world's stage, there are but few of the nations of the Western Hemisphere which have not recorded a similar if less spectacular development.

Argentina has grown from a gangling boy to fullest manhood, its economic life from the wild routine of the unpopulated *pampas*, where its wild cattle were raised and killed for their hides alone, into the producer of a huge portion of the world's finest meat and of millions of bushels of its wheat, and is today moving toward an industrial development which already promises much for its commercial and social progress. Cuba and México have gained their places in the economy of the world, first in specialized crops and minerals and today in an increasingly rounded economic life which with growing manufacture places them in the forefront of international importance for the next decade. Venezuela has harnessed its capacities and resources to an intensive national development. Colombia is in an era of specialized progress in a dozen lines, and the opening of her rich interior is at hand. The Andean republics of the West Coast and the countries of Central America, still feeling their way, are yet becoming more and more a conscious part of the world we know and upon which we depend. Chile is proudly developing natural resources and, along with them, intensive manufacturing in new lines, for its own and the world's advantage. Brazil, the empire

whose map is not yet half but rather a tenth unrolled, has met economic crises that would have swamped far older nations of Europe, and met them successfully through the very force of its will and the might of its potential resources.

The vitally important subject of climate is discussed in later pages, but it forms also one of the stones, although not the keystone, of the arch of the geographical foundation on which this lower story, so to speak, of our structure rests.

Latin America's vast distances, north and south, carry it through the north temperate zone (in a portion of northern México and Cuba) through the full breadth of the torrid zone and through the south temperate zone in Uruguay, Argentina and Chile. By far the larger portion of the area lies in the Tropics and it is for this logical reason that we have come to think of Latin America as tropical. But the altitudes at which some sections of many of the countries lie, as we have seen in preceding pages, give characteristics close to those of the temperate zone to vast and important areas that are geographically in the torrid zone. At 5,000 feet above sea level in the Tropics, although there is no frost or snow, wheat can be grown and temperate zone crops thrive. At such an altitude, and above it, men live in comfort and work with energy and precision, after the manner of dwellers in the temperate zones, as contrasted with the traditional lassitude of the inhabitants of the Tropics. These heights are generally fairly well populated and some of the finest cities lie there. These plateaux, in addition, certainly offer the greatest opportunity in Latin America for the expansion of the areas available to the white races of the world.

These highland regions have drawbacks, of course, and some of the most definite of them are the absence of frost and likewise of summer heat, the endless succession of spring-like days taking its own toll from the energy of the residents, but the relief of the summer heat of the Tropics or of the cold of winter heights is always close at hand, just over the mountain passes, to the dwellers in such lovely valleys as those of México, Guatemala, Bogotá, Quito and La Paz. The whole subject of climate, and the comparative value of the various theories of its direct effect on the civilization of Latin America was discussed at some length in the author's early book, "The People of México."

A word must be recorded here, also, of the toll which disease, and in particular yellow fever and malaria, exacted from the countries of Latin America in years gone by, and how hookworm is still a bitter curse in the hot countries.

Until yellow fever, and to a large extent the pernicious forms of malaria, were eradicated following the discovery of the part played by the mosquito in their propagation, life in the hot countries was a continual nightmare to newcomers and even to the natives who survived the periodical onslaughts of what they feelingly called "those fierce beasts," the mosquitoes. The Panamá Canal was built, after the French had failed, by engineers and by doctors from the United States, and the great part played by the sanitary corps in drying up or coating with oil every pool where mosquitoes could breed is one of the great romances of sanitation. Whatever may be one's own feelings regarding these diseases, all glory must go to those who have conquered them for the many who suffered and who paid with their lives for their ignorance.

Today every pest-hole in Latin America has been cleared of yellow fever. Pernicious malaria is becoming less and

less common, and its periodical attacks and its enervating wasting of the system have ceased to be a commonplace. Typhus and typhoid no longer scourge the cities, and modern sanitation, including chlorination of drinking water and the use of harmless little fish in the water urns to consume the mosquito larvae if they are laid there, have become accepted standards throughout all the ancient plague spots of the American Tropics.

There will be many words in the pages that follow regarding the part that modern engineering has played and is yet to play in the development of these countries. Machinery and transportation have conquered many of their handicaps, but in this question of climate one factor, of which more indeed anon, stands supreme. Mechanical refrigeration must never be forgotten in any record of the conquering of the Tropics. The ice-making machine of years ago, the private automatic refrigerator of today and the artificial conditioning and cooling of air in every theatre, public building and home in the future, have made the problem of the climatic hostilities of the Tropics largely an issue of the past. This statement is true in degree today; it will be immeasurably truer a quarter of a century from now.

Such is Latin America today. There remain still immense distances to be conquered. The Amazon valley is as yet virtually unknown, beyond the barest facts and a world of legends, and it is the prototype of what is yet to be learned in every section. Today you must travel over immense distances in Latin America by mule-back, perhaps the most expensive, mile for mile, but certainly not the least interesting mode of travel. Yet into the most distant wildernesses men have already flown their airplanes in a single decade of progress. They have driven their steel rails



—time may yet repay the investors who made them possible—into regions whose wealth and opportunities the world needs. They have opened an empire half of whose problems have been solved by those mad enterprises in which we of today share where those who built them only built and spent and died. Yet as a whole Latin America is blessed with communication systems of importance and value, and adequate far beyond those which pioneers in other lands, in similar stages of development, have been able to enjoy. While perhaps the most important factor in the evaluation of Latin America of the past is its geography and in estimating its possibilities of the future is its communications, these form the background and are built to serve, the one or the other, the human power that comes down to us from a distant past and from an unmeasured present moves forward to its vital role in the future of all the Americas.

*Chapter IV*

## THE COMING OF POPULATIONS

No one knows how many Indians were living in the wildernesses of Latin America when the Spaniards and Portuguese came. The figures of baptisms (the only statistics) are fantastic — six million Indian converts in the Valley of México alone can best be accounted for by the natives' desire to please the strange white men by being baptised as often as they were told to accept the rite. Few other figures are available, and the much quoted estimates of Baron von Humboldt are based on local reports and church records, and are frankly, moreover, estimates and traditions except for the closing years of the colonial regime, the last of the Eighteenth and the first of the Nineteenth Century, when Humboldt made his famous studies.

There had unquestionably been great civilizations at various points in the Western Hemisphere. The Mayan-Aztec center in México and Central America harbored at some time (probably about 1,000 A.D. as a mean) a huge population which ultimately was decimated through plague or famine. At the time of the conquest of México the actual Mayan center in Yucatan and Central America was of small proportions, while the Aztec empire around the present City of México was close to its prime. In South America, in the highlands of Perú, there was unquestionably a vast population at some era, the time for which can hardly be set although certainly the zenith was long prior to the Spanish Conquest. The elaborate irrigation works whose ruins still survive on the hillsides of the valleys of Perú and Bolivia indicate a long and bitter struggle with famine, a struggle

which was being steadily lost when the Spaniards under Pizarro came to add their horrors of war and forced labor to break the race remaining. There was probably a center in Brazil, and certainly the legends as to the wealth and civilization of the Chibchas, which drew many doughty adventurers to the highlands of northern South America, were not entirely without foundation, as ruins that are only partially explored tend definitely to prove.

But the Indians whom the Spaniards and Portuguese found were to contribute and have contributed a quantity of their blood and strength which cannot now be calculated in the living inhabitants any more than their early numbers can be estimated. Throughout the peoples of all the countries of Latin America, excepting those of Argentina, Uruguay and Chile and the upper classes in all the countries, the Indian strain recurs and crops out as an accepted sign, although unjustly, of the Latin American racial type.

With this, in the islands of the Caribbean and in the lands which skirt it, and southward through all of Brazil (thinning out toward the South) the Negro has contributed an immense proportion of the blood of the peoples of today. Those brought from Africa to take the places of the Indians who died in their slavery or forced labor (or to supplant the aborigines in the vain efforts to save them led by Bartolomeo de las Casas, the "Protector of the Indians") entered into the basic stock of the peoples of the Caribbean countries. It is there today and, some anthropologists say, is becoming an increasing factor (owing to its greater vital force) not only in the islands and in the mainlands of the Latin Caribbean, but also in the southern states of the United States.

Yet Latin America belongs, by every standard that we can judge, to the Aryan civilization. It is white and mixed

blood tending in culture and in progress toward the standards of white and, as we shall see more and more in these pages, of a truly American, civilization. Brazil, México, Guatemala, Perú and Bolivia have large Indian populations, and problems of administration corresponding thereto. Yet this cannot be allowed to obscure our vision, or to warp our appreciation of the tendencies and achievements of the white populations of all of the former Spanish and Portuguese colonies. Of the estimated 120,000,000 people in Latin America, fully two-thirds are Spanish or Portuguese, or these strains mixed with, but predominating over, the Indian. Perhaps 20,000,000 outside Brazil are Indian, in race and culture — a generous estimate. Negroes number perhaps 10,000,000.

Few conquering races have ever achieved their conquests so completely as Spain and, to a lesser but still notable degree, Portugal achieved theirs in the New World. The conquering hordes of the past, even those of Ghengis Khan, left only their racial mark on their victims and their Mongol or Hunnish traits in their descendants for a few generations. Spain's mark has persisted for four centuries in race, language, and government, and in the culture, the religion and the thinking of hundreds of millions of their mixed as well as pure-blood descendants. It is estimated that less than half a million Spaniards actually settled permanently in the New World in the four centuries of Colonial rule, and the larger proportion of those went to México. They mixed with complete freedom with the Indians, encouraged by the priests who in the Spanish and Portuguese colonies, as in French Canada, approved the marriages of white with Indian and Negro, for the good of the souls of the offspring and for the propagation of the faith. There were no Span-

ish or Portuguese women in the hordes that flocked under the standards of the conquerors, and comparatively few women amongst those who went, in the succeeding centuries, to administer. Indeed, unmarried Spanish women were not allowed to go to the colonies, and only those whom the colonials married and took with them, and their daughters born in the colonies, furnished the essential feminine elements of the pure stock. It is the blood of these few and now forgotten wives which alone runs pure in the strains that go back to the officers of the conquest and of viceregal days, and form the bases for the pure-blood aristocrats of to-day. Yet, although it is a just generalization to state that Indian and Negro blood did not enter the white line through the Spanish or Portuguese women, there were a few notable exceptions, in México in particular, where for the sake of the faith, and at the urging of the king, Spanish women did marry with Indian princes and thus bring into the Spanish line the indigenous blood which shows itself now and again in the proudest white families.

The Spanish colonial society was, however, definitely organized along racial lines. In México, where the caste system was raised to its highest efficiency, the colonial society was organized into first the *peninsulares*, or Spaniards from Spain (the "peninsula") second, the castes, including the native-born whites and all the mixtures of Spaniards and Indians and Negroes, third the Indians, and fourth the Negroes. The castes in México were as follows, in the degree of their rank; *criollos* (creoles), children of Spanish men and Spanish women born in the colonies; *mestizos*, children of Spaniard and Indian; *castizos*, children of Spaniard and *mestizo*; *españoles*, children of Spaniard and *castizo*; *mulattoes*, children of Spaniard and Negro; *moriscos*

(Moors), children of Spaniard and *mulatto*; *zambos*, children of Indian and Negro.

There were definite political and educational restrictions paralleling the caste system, and the sharp divisions which still exist between the high and the low in most countries of Latin America traced their origin back to colonial times. The *mestizo*, an embryonic middle class in the colonial era, came into political power with the revolutions, and for all the century since there has been a continual struggle, although sometimes not admitted as such, between this group and the white aristocracy. Under the regimes of peace and progress, whether under the dictators or in *mestizo* democracies such as México has been seeking to establish since 1911, the middle class has risen rapidly, and there need be no question as to its future under broader education and the slow change of the laws regulating the rights of property and in the new opportunity for advancement in the coming industrial era.

There is still an instinctive leaning toward aristocracy and oligarchies rise and fall, with each succeeding group of new generals establishing themselves in the palaces, literal and figurative, of the older aristocrats whom they have ousted. This heritage goes back directly to the caste system, and it is being changed only as the middle classes emerge and obtain, through the years, some sense of their own importance and of their capabilities in fields other than politics or warfare. It has long been a commonplace to blame much of Latin America's difficulties on the absence of a middle class, but it will be increasingly important, as time goes on, to note that such a class is developing. It is coming both in the emergence to greater social consciousness of the local *mestizo* groups and also, increasingly, through the immigration of men and women of European blood.

There has in recent years been an effort in many directions, but chiefly from México, to glorify disproportionately the Indian heritage of Latin America, to urge a return to the primitive social organization and to the primitive arts of the aborigines as a solution of the political and social ills of these countries. This effort has largely failed in its practical applications, as the Méxican leader, General Plutarco Elías Calles, pointed out in 1930. Even more deeply than General Calles and the other leaders of the Méxican revolution saw, however, Indianism as a social and political panacea has proven inherently ineffective. Primitive cultures, when time was allowed them to develop (as the primitive culture of the ancient European savages had time to their advantage), have evolved over long periods into the civilizations of today. Where, on the other hand, time has not served and the impact of more advanced cultures has come to offer easier and more effective solutions of the common problems of the human struggle upward, the native genius, handicapped by savagery and barbarism, has always been stopped or nullified. Such a fate has fallen to the Indians of Latin America. Spain, Portugal and France came to them and gave them their culture, their religion and their language. There was no choice, and today the idea of reviving Indianism is fantastic. With all the white man's mistakes of misunderstanding, with all the problems of the mixture of races and the conflict of property rights and social systems, the higher civilization has of necessity prevailed. The efforts to reverse the currents of progress have failed, as they must always fail.

Just as the foundations of society and government in Saxon America trace back to English custom and English law, despite the infiltration of hundreds of strains other than English, so in Latin America the customs, laws and

social structure, and all that those connote, are Spanish or Portuguese or, even in black Haiti, French. The political wisdom of the mother countries was perhaps inadequate and the Creole and mixed-blood heirs of that rule may have been less understanding, and still less liberal, but none the less the noblest heritage of Latin America is Spanish, Portuguese or French as the case may be. They would still be groping in tribal wars, without a history and without a future, had the dynamic and balancing force of those older civilizations not come to them four centuries ago. The Indians of the colonies under the rule of Church and State became a definite, even if a humble, part of the social structure and there they have remained through the succeeding generations. No sentimental attraction for the beauty of their communism or for the pitiful state of their life under their white rulers can change their status. As the records of the past show, albeit dimly, that status has improved immeasurably with the passing of the years and with the white man's advancing concepts of social order and responsibility.

Even in the beginning of the colonial rule, it would probably have been impossible, even if it had been tried, to govern according to Indian tradition. The white man understood but imperfectly the Indian systems even of land tenure, and the early efforts to perpetuate the communal holdings within the areas of the *encomiendas* (the source of the claims in México in recent years that these systems should be revived) met with confusion and disaster. Moreover, it is all too often true that the customs and traditions of less advanced races are the very factors that hold them back, and the break away from those ancient rules and baseless traditions has been the most essential element of their own emancipation.



The early Spaniards, and even more their successors since the revolutions, had a deep sense of responsibility toward the Indians and, although perhaps with mistakes, they have sought sincerely to find the way to lead them forward. That the fruits of that effort have been slow is not a reason for condemnation; thousands of years of Indian conservatism and tradition chained them, and probably would chain them still if it were not for the efforts of the white men to revamp their lives. Injustices there have been and will continue to be, but the future of the Indian races of Latin America is not badly off in the hands of their mixed blood and white compatriots. Again, we shall fall into grievous error if we accept the easy philosophy of those who see any hope for Latin America in the creation of an artificial Utopian communism based on the traditions and customs which the Indians have themselves all but forgotten. The mission of Spain and that of the modern republics is certainly not, in the light of the needs of the Indians or of the modern world, to preserve, much less to revive from centuries of coma, the institutions that make for social and economic bondage and stagnation amongst the less advanced members of the social structure.

In looking upon the life of the Indians in México, Guatemala and Perú, and also to a lesser extent in other countries, it has become fashionable for foreign writers to describe the simple life of unspoiled communities in terms heretofore employed chiefly in the descriptions of idyllic English, French and other Old World villages. The misery of the picturesque Indians of the Americas is given a fantastic beauty that is quite at variance with the facts. However honest these writers may be in their own appreciation, their descriptions must inevitably create a totally erroneous im-

pression in the thoughts of their readers who do not know the lands they describe. One anecdote will perhaps suffice to give the picture:

Years ago, in riding through the highland Andes of Colombia, I came one night to a so-called inn in the *páramo*, the windswept plain high above the timber line. I was served with the best the house afforded, a greasy soup, a "steak" of dried goat-meat, soggy potatoes, indescribable coffee and a bit of hard turrón candy for dessert. The grimy, wondering little girl who waited on my solitary table received the bit of candy with hungry appreciation and in the course of the talk thus loosened she said, wistfully, that although one did not, ever in one's life, get to see the great world, "one is content, up here."

That night, swinging in my own hammock, covered with my own overcoat, the peon who served as guide, hostler and servant received with equal appreciation the use of the blanket which had been offered me by the host. In the morning the peon asked me, quite as a matter of fact, if I had slept well, and whether the "little white things," which had bothered him, had also disturbed my slumbers.

"One is content, up here," surely, but there certainly is something far better than the misery of today to be looked for, from the civilization of machines and work and prosperity, material though these things be. The opportunity for culture comes with a full stomach and with cleanliness, surely in Latin America just as in Saxon America. And the gifts of those opportunities come, not from the Indian, but from the European side of the racial heritage.

The growing stability and peace and the increasing prosperity of the countries of Latin America have, since the independence, brought new blood from every country of

Europe and from North America as well, although the flow of immigration is not yet the flood that it will some day become and which it must become to make possible that development of Latin America toward which the future tends.

The number of Spaniards coming as immigrants to the colonies in the last years before independence was greatly restricted, and in the first years thereafter was definitely cut off but it was resumed in later years and is steadily increasing. In Brazil, the brief period when the Portuguese court was moved from Lisbon to Rio de Janeiro during the Napoleonic wars was not only effective in probably postponing the independence of Brazil, but also brought an increased influx of the best Portuguese blood, which did much to stamp its national characteristics on the great colony.

Certain countries of Spanish America, like Costa Rica, with its almost pure Spanish blood, and the highland departments of Colombia where the unchanged Spanish peasant type persists and prospers, are still distinctly of the Old World. Throughout all the countries indeed there are to be found centers of pure white blood, surviving through centuries of isolation in the seas of Indianism. Certain sections have been fully populated by colonies of Europeans in recent years. Southern Chile, for instance, has thousands of Germans who came in those migrations after 1848 which populated so much of the northern Middle West of the United States and who have retained in Chile both racial purity and language. Western Argentina, for another example, has cities made up almost entirely of Italians, and the characteristic dress of the Piedmontese is found in whole villages in the Argentine wine country. And yet they all speak Spanish as their second, if not their first, language.

Indeed, the Argentines, save the old aristocracy and, paradoxically, the *gauchos* of the plains, are today descended in

probably as great proportion as the population of the United States from European immigrants who have come since the independence, or are themselves those immigrants. Nearly one quarter of the entire population of Argentina today is the first generation of immigrants. The figures for 1930 were 11,200,000 inhabitants, 8,250,000 being natives of European descent exclusively, 300,000 mixed-bloods, and 2,650,000 aliens, Europeans in the majority. Many of the important Argentine families are of British origin, and the Anglo-Argentines and Irish-Argentines are distinctive but patriotically Argentine units of the population.

The mass of Argentine immigration has, however, been Italian and Spanish, and there has been a continual infiltration of other varied strains from Europe. In 1924, Italian and Spanish immigrants came in almost equal proportion, and together represented 78 per cent of the entries into Argentina. Six years later, with no fall in immigration totals, these elements had dropped to 52 per cent, and Poles, Germans, Jugoslavs and Czechoslovaks had risen in totals and in percentage, and Poles had already become the third most important element in the foreign population. A point that is of primary importance is that these immigrants have come in floods, not in a steady stream such as has flowed to the United States and Canada and which, although varying from period to period as to origin, has brought a steady influx of new blood to be absorbed, through the years, into the stream of life of the northern nations of the hemisphere.

Political conditions and economic developments which have made favorable conditions for small farmers and industrial workers have been the dominating factors in Latin American immigration in the past. The opening of the Argentine pampas to farming and of the slopes of the Andes to viniculture brought the first of the streams of im-

migration there. The development of the coffee industry in Brazil and the expansion of manufacturing in Brazilian cities were similarly the motivating causes of Brazilian immigration. Other floods will come, as opportunity and government propaganda and aid to immigrants develop and become more secure and as, indeed, the closing doors of the northern countries of the hemisphere turn Europe's surplus millions to the new areas.

European immigration into Latin America since the revolutions of the early Nineteenth Century has, however, been increasing but slowly and excepting for Argentina and Brazil is as yet of no great consequence. Brazil, during the years preceding and then directly following the Great war, had an immigration of about 200,000 Europeans a year, and Argentina considerably more. The Argentine gain in immigration is, however, rather less in the net than the Brazilian, because probably a majority of the arrivals in Argentina were workers who came from Spain and Italy only for the harvests which are at opposite seasons to their own, while Brazil does not attract so many of these seasonal workers.

As to the future trends in immigration, either to Argentina and Brazil or to other countries, it is, as with so many of the factors bearing on the future development of Latin America, impossible to judge the future by the past. Immigrants usually go to certain selected sections in any flow of migration, and in the United States and Canada to this day most newcomers go to the centers where their relatives or people from their home villages have settled, even a generation ago, and they cannot be diverted by any ordinary inducements.

There seems no reason to believe otherwise than that the

next quarter-century will see great increases of immigration in many other countries besides Argentina and Brazil. Conceivably the next flow of immigration may be to Venezuela, once the question of the future peace there is decided. It may turn to México, although the emphasis on Indianism and on the idyllic beauty of Indian communism and the simple life are not the stuff that tempts the hard-headed European who is seeking to better his condition. Chile offers much, and so indeed do Colombia and Perú. But perhaps in considering the future of immigration to Latin America we must get away from the old standards of immigration into the United States, where it was the farmer who primarily came to open the new territories, and only secondarily the industrial worker. In Latin America, considering all the social and economic limitations of the life of the farm worker, it seems inevitable that some, at least, of the desirable immigration of the immediate future will be of industrial classes, mechanical workers and machine users, even users of modern farm machinery, rather than tillers of the soil in the old sense.

This is a sharp break from our conventional ideas, and indeed from the ideas of most of those in Latin America itself who would encourage immigration into their various countries. The tradition is that any city dweller is an undesirable immigrant, and that any farmer is desirable. Almost every thought on the subject has also been concerned with duplicating in Latin America the history of immigration into the United States and Canada, which is in theory agricultural. But Latin America has a plethora of agricultural workers, and their life is hard and their returns from their labor low. The future of Latin American immigration is tied in, certainly, with the industrial awakening which becomes more and more, as we go deeper into the problems of today, the

bright focal point of Latin American advance. As in the very question of economic independence, the promise of the European immigration of the future seems to turn on the development of the countries to a higher standard of living through a saner and broader building of the social and industrial structure. Perhaps the most significant phase of this analysis of the future immigration situation in Latin America is that the growing industries and improving opportunity for skilled workers in factories and shops opens a definite field for immigration from the United States and Canada. That flow of immigration may well set in before the quarter-century of our vision here is ended.

In looking at this question of possible future immigration from the United States, it is exceedingly significant to realize that in México, prior to the fall of Porfirio Díaz in 1911, there had been a continuing immigration of young men, some with wives and families, into México from the United States and Canada. Part of these were railway men and industrial mechanics, but part were business men and office workers of various sorts and some were skilled farmers founding modern orchards and vegetable farms. Most of them had gone to México expecting to spend their lives there, and careful and permanent provision was being made for the schooling of their children in their new homes. The exile, voluntary and otherwise, of these Anglo-Saxon Mexicans after the fall of Díaz has in the past twenty years had a far greater influence than most people realize on the attitude of the young men of the United States and Canada toward going into Latin America to live and die there.

The passing years are now softening the memory of the wreck of those hopes in México and the growing opportunity, and the need in Latin American development, for this type of immigrant will conceivably bring a new outpouring.

England has sent such colonies abroad, and particularly into Chile and Argentina, and changing conditions in industry, agriculture and business in the United States and Canada, with broadening opportunity in Latin America, may well have similar results in other directions. It goes without saying that these types of immigrants entering into the life of the countries to which they go, and planning to remain and give their lives to the land of their adoption, means much both to the trade and cultural relations of the United States and Canada and to the lands which need the skill and energies of this new type of continental American.

Efforts to stimulate the bringing of organized "colonies" of immigrants have been made at some time or another by all the countries of Latin America. As a result farming groups from the United States, Canada and Europe have found their way to the new fields, usually to meet with disaster through political or economic drawbacks. Even the hardy Mennonites have had difficult times in Paraguay where they went shortly after the World War to escape military service. The Mormons in northern México, who had built a garden not unlike their old Utah homes in Durango, were driven out during the revolutions of 1911-1921. Argentina in the past has sought to control the flow of immigrants to those who could support themselves on the land, and from the immense immigrant hotel in Buenos Aires, to direct them (with a skill unknown in any other country) to the interior and so prevent their filling the slums of the cities. This control will develop naturally into a careful propaganda and the bringing of fitted immigrants to the Argentine farms. But there, again, lies the need of new property laws and the cutting up of vast estates. Slow social change determines the flow of populations. Suffice, per-



haps, that various of the nations of Latin America offer to-day, and more will offer as years go on, new opportunities fit to tempt the hardy European and North American farmer — and the artisan and business man as well — to those new fields. In all this lies much of the hope for the great days of the future in Latin America.

The question of Asiatic immigration remains. Most of the countries now have laws restricting the entry of Hindu, Chinese and Japanese immigrants. Others, like Brazil, rather encourage them. There is a wide-spread belief that the Asiatic, with his "lower standards of living" should be excluded, but the fact remains that in times of progress — and the future is going to demand greater progress than in all the centuries of the past — there is a problem in the scarcity of common labor in the tropical and sub-tropical countries of Latin America that cannot be answered by European immigration nor perhaps by any normal increase in the native mixed and Indian populations. The European traditionally cannot engage in hard manual labor under the tropical sun; in any case he does not emigrate in order to do it. Latin American standards of living are, moreover, too low as yet to tempt him in the laboring classes, either from his original home or from the United States which, as suggested above, will ultimately become a center of emigration.

There are now substantial populations of Chinese and Japanese in Perú and Brazil and small numbers in other countries. They are not only laborers but small storekeepers and artisans. They have been accused of driving the native Peruvians, for instance, out of many trades, like barbering and carpentry, and out of the little stores which, however, were actually operated by Spanish immigrants

more often than by natives of any of the lands. Whether the immigration of Orientals can or should be restricted in Latin America is a question which cannot be decided out of hand. The natural prejudgment of the North American is that they should, and yet the issue is not so easily settled in lands with limited populations and serious lack of hands and workers. It leaves the need for merchanzation greater than ever, in any case.

The larger issue remains, and that is that Latin America must, as surely as must Australia, be held for the white race, for the sake of the future of that race. There is no gain-saying the fact that Japan casts envious eyes on Latin America, and on South America in particular, as an outlet for its surplus population and as a future sphere of influence through its emigrants. How long can Latin America wait for the coming of the new populations which we would send her from Europe and from the North? How rapidly must our machines, indeed, be hurried to an outstanding place in Latin America's economic life to take the place of inadequate labor supplies?

The possibilities in Latin America of population growth from within are only beginning to be realized and must soon be given increasing consideration. Before the colonial period ended, the increase of the white population from births, small as it was, was greater than by immigration, and this has been changed only in those areas which have been especially favored by immigration, like Argentina and Brazil. The modern problem of population increase from within is concerned primarily with the reduction of the high death rate and particularly of the appalling infantile mortality of ages past, including not alone the Indian era but down to the present day. The remedy includes education, sanitation

and the elimination of the diseases which have scourged various sections of Latin America for centuries. In this work great strides have been made, first, and so far most effectively, from without through the ministrations of the Rockefeller International Health Board, always in co-operation with the local authorities.

The foci of yellow fever in Ecuador, Brazil and México have been cleaned up so effectively that that dread disease no longer ever appears on endemic and seldom in epidemic form; Cuba, with the aid of the United States government forces, long ago achieved the same end. The battle now is against malaria, tuberculosis, pellagra, hookworm and against other intestinal parasites. Health stations and education have been and are accomplishing wonders. The same is true in water purification and sanitation; pure water supplies and sewage systems are covering the continent, and the chlorination of drinking water is now a fixed policy in every municipality where the wonders of modern science have penetrated. These means cannot but tend toward the improvement of the native strain, the reduction of the heavy infant mortality, the elimination of the deadly curse of laziness due to hookworm and pellagra, and in making possible the taking of full advantage of the great gifts of modern science and engineering.

This brief picture of the population problems in Latin America of necessity must take into consideration the changing distribution of the populations, in part because of the influence of immigrants and in part because of changing ideals of life imported from abroad or drilled into the minds of the people by the slow processes of educational uplift.

As Latin American countries move into more stable political life and into greater safety and security, private resources

are built up, more work (outside the raising of the bare necessities of life from the ground) is created and the factors which influence the shifting of populations within the countries become more powerful. In the past, the movement of people from city to country and from country to city was largely determined by the revolutions that swept over these lands from time to time, making the country unsafe, the products of the farms subject to raids and ruin, and the cities above all else places of refuge. The movement into the cities has always been remarked in times of revolution and banditry, and when peace and order came the movement was in turn out from the cities to the country, an inexorable pendulum.

Even in recent years, we have been able to see this very thing happening in México, where during the ten years of revolution following 1911, the City of México enjoyed a phenomenal growth, expanding from 400,000 to nearly 1,000,000 inhabitants in a few years. The housing problem became acute and a great boom in building followed. Since peace has settled down on México the people are moving back to the farms and villages. The capital has lost less than other cities, and indeed has recovered its 1,000,000 inhabitants by annexing various of its suburbs. An interesting corollary to this ebb and flow in México itself was the outflow of Mexican emigrants to the United States during the revolutions. This ran, according to official estimates, up to 200,000 a year and in 1930 and 1931, in times of decreasing employment in the United States and also of peace in México, it set in the opposite direction, from the United States back to México.

But it is impossible accurately to judge the future, with the peace that the necessities of the times and the needs of the countries must enforce, by the past periods of revolutions and uncertainty. The city in Latin America is ceasing to

be only a center of refuge. As in the case of the City of México, just cited, the city becomes now a center of expansion and a center of national industry. It thus, in its turn, becomes actually a creator of the new trend in the life of Latin America which, as suggested above, will influence the types of immigration of the future. The cities are now becoming centers of attraction in time of peace as well as of war, a phenomenon common in the industrial growth in the United States and Canada (the movement away from the farms and into industry) but renewed and peculiarly significant in Latin America. With increasing momentum we shall probably see this tendency manifesting itself more and more in these countries, with a connoted significance as regards the development of industrial, as well as urban life as such, which is not to be ignored.

Still other factors than those of race characteristics have impressed themselves in the formation of the peoples of Latin America today, and will have still greater significance in the future. Of these the influence of the United States has of course been outstanding. The chapters which follow will emphasize this influence in many directions, tending always as it does to the creation of the elements of a Greater America of closer thought and planning together. One phase, however, belongs especially in this discussion of the populations.

In the past quarter-century the United States, with its successful raising of the worker to a plane of comfort and prosperity once almost beyond the ken of the Latin American farm worker or artisan, has carried to Latin America the idea of the development of the individual to a high standard of living and a high productive and purchasing power. The long years of exploitation have ended in the presentation of the ideal of self-expansion, the making of a people

into a great market by the simple process of helping them to earn the money with which to buy. It is as advantageous to Latin Americans as to those who would sell to them.

There has also been, undoubtedly, a deep change in the attitude of the upper classes of Latin America toward work, long described as the chief "racial" failing in industrial expansion. This has been marked especially in the fields of engineering and commercial enterprises. Its influence has, moreover, extended to the very core of the life of the countries, the symbol of this being the attitude of the women of good family toward the seeking of employment in the fields of teaching and, recently, of business. Only a few years ago no Latin American woman of good breeding, even if she were in poverty or an unwelcome dependent in the household of a brother or a married sister, would have thought of demeaning herself with teaching, let alone with taking employment in a business office; indeed, no respectable Latin American young woman of any class would work in an office. Yet today that great release of the single woman is almost as common in Latin America as it is in the United States. Perhaps the North American motion picture has expiated its many sins by its part in that one achievement!

Whatever be the immediate cause, however, that freeing of the Latin American woman is symbolic, and almost epic in its importance. With her has come the day of work for her brother, the engineer, who before the last historic decade wasted his engineering education and skill in the solving of abstruse problems with pencil and paper on café tables; today he solves them in the mud and grime of the "job," and glories in it. Their energy, their efficiency, and their devotion to the ideals, if you will, of a "materialistic civilization" are the promise of the development, out of the factors existent in Latin America today, of a new era of firm advance in every phase of life, cultural as well as commercial,

in the critical quarter-century which lies before us. It is the answer of the populations of Latin America to the first question that we must all ask as to that future.

So we come to what is perhaps the most significant statement that will enter into this book. And that is this: Latin America, as it has developed and is now developing, is to-day actually closer in its ideals and in its tendencies to the United States than it is to old Spain or to any of the various elements, from the Indian down to the most recent European or Asiatic, that has entered into its make-up. The Latin American is thoroughly and definitely American—in the sense that he is a part of what seems certainly to be a new type, that type which Europeans feel they can recognize without labels, and afar off. Canada and the United States are of that new type in the world; no Canadian who has faced the stares of his English cousins will disagree there. But so, also, are the Latin Americans, closer to us of the North than they are to Europe, more a part of our civilization today than they are of the civilization of Europe.

This feeling, which has been growing, I now realize, for years in my mind, came to me most clearly of all in Carácas, Venezuela—in Venezuela, which is Latin America of the Latin Americans, intensively and intensely. That was many years ago. The conviction has grown with the passage of time. It is, perhaps, more than all else the key to the understanding of Latin America, that they are like us, and of our world and that if they differ in details, as of language and laws and legal phrases, or of customs that perhaps go back to the Moors, they are yet, in the vital things of their life and ours today, a part of the America that stands four-square as the bulwark of a practical, a productive future to which we, and they, belong together.

## *Chapter V*

### THE GROWTH OF COMMUNICATIONS

THE record of the trail blazer, of the builder of bridges, whether of ships or steel or friendship, is romantic beyond all tales of conquest. It is the swelling theme of the vital human drama that unrolls through the ages upon the uneven stage of economic and social change. The development of communications is indeed the backbone of the whole structure of the past, and of the future.

The record in Latin America takes two main branches, the communications across the seas to Latin America and the communications within that area—a divergence once tremendous but united and compromised, now and for the future, in ships of the air that cross oceans and jungles with equal ease and safety.

Columbus sailed to the discovery of America in a ship of about 100 tons, smaller than a tugboat, and his other two ships were without decks, and little bigger than small pleasure schooners of today. The usual size of the storied Spanish galleons—most of them lumbering slow scows in actuality—was from 500 to 1500 tons, the largest hardly the size of the smallest tramp steamer that would dare the seas today. A convoy of ten to twenty-five galleons carried, then, in combined tonnage little more than the cargo of a single modern freight liner. Spanish ships of war and those of the English buccaneers were alike playthings of wind and wave; the largest of the Spanish battleships that went down in the Armada, conquered not by the Elizabethan mariners but by the storms of the English channel, was but 1800 tons.

The earliest ships to visit the Americas followed, of neces-



sity, the trade winds, so they skirted westward near the equator where the trade winds blow steadily from Europe to the Americas. On the return trips they sought a more northerly course, further up toward the eastbound gales of the "great circle" over which airplanes now fly from America to Europe. The westward air traffic from Europe to the Americas seeks again, today, the southern route and the westward trade winds, as did the mariners of four centuries ago. Indeed, the story of the pioneering of the sailing ships of the Sixteenth Century has been paralleled in our own day by the pioneering of the aviators, flying the same routes, seeking the same goals, north and south, in these Americas of ours.

So important were the trade winds in the communications between the Spanish and Portuguese colonies and Europe that the center of virtually all the traffic of the whole colonial era was in the Caribbean Sea where the fleets sailing westward came directly to Panamá, blown by the trade winds, and on the return voyage circled the mainland north to México and thence eastward through the straits of Florida and, as best they might, caught the eastbound winds of the North Atlantic.

The convoy was the normal and indeed the only relatively safe means of transporting goods and soldiers westward and treasure eastward. The galleons (or merchant ships) were slow and clumsy and easy prey to the lively British, French and Dutch pirates, but the convoys, protected by a fleet of Spanish warships, were fairly secure from attack, although they moved, as did the convoys of troop-ships and freighters across the Atlantic in 1917 and 1918, at the speed of the slowest ship. Seldom, except when storms broke up the convoys, did the pirates dare attack, and then only the single ships that drifted away.

The convoys, which left only at long intervals, once or twice a year, to and from Panamá and México, and traveled westward at corresponding intervals, were the only legal communications between the colonies and Europe. Trade with any nation but Spain or Portugal was forbidden by royal edict, and death was the penalty for any non-Spanish trader found in the colonies. The only exception to this rule was, as noted above, that the annual fairs held at central points, most notably at Puerto Bello in Panamá, could be attended under license by foreign merchants. It was these traders who, in times between the fairs and with the welcoming connivance of the harassed Spanish colonials, built up the extensive enterprises of smuggling that laid the basis of the first non-Spanish trade in Latin America. The line, too, was dim and uncertain between smuggler, privateer and pirate, and the walled cities still standing in Latin America (Cartagena in Colombia and Campeche in México are the finest examples extant, although portions of old walls remain in Havana and elsewhere) are grim reminders of the peril for the Spanish pioneers from English, French, Dutch and Hanseatic traders of colonial days. One of the reasons for building capitals like Carácas, Bogotá, and the cities of Central America at distances or on heights away from the Caribbean coast was certainly the fear of the incursions of the non-Spanish traders who came one day to sell their smuggled goods and the next to take back both the goods and also the wealth and the women of their erstwhile customers.

Those British trading ships came, as the centuries followed one another and easy gold became less and less abundant in the Iberian colonies, to be almost the only contact between the colonies and Europe, and slowly the restrictions

against them were made ineffective. The Spanish convoys had become less frequent, or smaller in the number of ships, and in the last century of Spanish rule England had already become the outstanding maritime power in the New World. The British flag came, then, to be better known in the ports of Latin America than that of Spain or of Portugal and British trade, slowly encroached upon by the German, became the symbol of all overseas commerce and business relations. In far away Chile, as elsewhere, the British "boat day" became the most important date in the monthly calendar, a custom which has persisted as settlement date down to the present. It has caused not a little unfriendly comment from Latin American merchants, when local branches of North American banks sought to institute the custom of collecting bills on the date due although, as the indignant local merchants pointed out eloquently, this was a form of highway robbery if there was not going to be a boat to carry the mail for another week!

As the years passed, North American ships appeared on the scene, first the early home-built ships of the British colonials, and after 1789 the swift Yankee clippers, skirting the Horn en route to the Orient, and Yankee whaling ships scouring the South Atlantic and up into the Pacific northward to the Galapagos islands on the Equator and beyond to the Arctic seas. They stopped at many South American colonial ports (the rough sailors laying the foundations of the reputation for Yankee bad manners which we are still seeking to live down, after a century and a half) and before long those ports themselves were becoming regular stops in trading expeditions. Finally, a few of the old North American merchant houses began sending their own ships, flying their own flags, to buy and sell in South America as they had been doing for half a century in the Caribbean

islands. Those merchant flags became a basic part of the life of South America and particularly of the West Coast, although but one of them, that of the House of Grace, has persisted to this day. In the North, México and the Caribbean had long been a part of the commercial life of New England, the former for the commerce with rich colonials through the port of Vera Cruz and from the Orient via the "Manila Galleon" and transshipment across México, the latter as sources of the sugar and molasses which, distilled into rum in New England ports, became one of the chief coins of trade in those early days.

Ship and steamship communications between the American countries have ebbed and flowed and for a time, when United States shipping had dropped to its lowest in the late Nineteenth Century, the ships of the great merchant houses were alone carrying the United States flag to the ports of Latin America. But British lines put in tiny ships on these routes and North American owners, with foreign-built ships flying the flags of Cuba, México, Panamá and the countries of Central America, kept up the trade. Miserable though those services were, and favoring the always better European services as they did, yet they were still the bases of a growing trade relationship. The years that have followed, particularly since the World War, have seen the establishment of new lines, including the important Munson Line on the East Coast of South America to correlate the Grace on the West Coast (for the Grace liners began using the Panamá Canal instead of skirting the Horn as soon as it was opened for traffic). The Ward Line, to Cuba and México, maintained through a long service with ships mostly flying the Cuban flag, became in 1917 completely North American in tonnage as well as management. Fleets of the United

Fruit Company, built on the banana trade, entered the picture, giving increasingly good service to Central America and the Caribbean. The Panamá Canal tempted yet others to touch at the ports of Latin America en route east or west to more distant lands. From New Orleans and from the Pacific Coast lines of ships set out and some prospered and have survived, to continue to expand the trade of the Americas. Meanwhile the old Lamport and Holt Line, which under the British flag had been for years the only link between the East Coast of South America and New York, had withdrawn and the British owned Furness-Prince Line was offering competition, and correlated bi-weekly service, to the Munson Line.

At the same time, the lines plying between South America and Europe have in general been somewhat in advance, in service and speed, of those linking North and South America, although for a time, following the war, the Munson Line ships held the palm. Passenger liners comparable in many ways to the finer ships of the North Atlantic trade of their era have competed sharply with one another in the European-South American trade and it has often been possible, by taking the faster ships of the North Atlantic service, for a traveler from New York going to Rio de Janeiro or Buenos Aires, to make almost equal time and at little more cost, going by way of Europe than direct from New York southward. The ships on the north-south lanes were combination freight and passenger ships (as contrasted with European passenger liners) and have built, with their improvements year after year, chiefly on commercial rather than on passenger traffic. The companies have felt that passenger travel north-and-south was not subject to a rapid development by advanced service.

It is true that in almost all cases the quality of all the

services has been a few steps ahead of what the traffic and the income of the lines justified, although little has been done to encourage tourist travel with tempting accommodations and rates competitive, even on a day or mileage basis, with similar ships in the North Atlantic trade. The Grace Line has developed its service slowly and well, each fleet being an advance over its predecessors. The Ward Line has done the same, and gradually the growing trade has met its response. The Munson Line to South America has large and fast ships in project. Beyond the needs of traffic and the tonnage rates which make new and faster ships profitable looms always, however, the opportunity for leading new travel and new trade into the north-south lines by leaping far beyond needs or deserts to create new traffic, to build new "bridges" of opportunity of communication between the continents. For all transportation, if it performs its function, must outstrip current traffic needs.

Under the colonial regime, the great rivers which in many sections of Latin America offered open avenues of travel were very generally left to the old transportation methods of the Indians, dugout canoes or, in the upper reaches of the Amazon and other of the great rivers of South America, to two-story rafts shooting the terrifying rapids of the Andes, or on Lake Titicaca in Bolivia to the *balsas* or floating cradles of thatch—all still acceptable means of travel and transport in these regions of South America.

The whole of Latin America, however, shares with North America the prodigality of attitude toward the opportunities of river travel. Since the age of steam there has been some advantage taken of the rivers but as a whole the era of the full use of the streams is yet to come. There are many explanations for this, and some notable exceptions.

The islands of the Caribbean are of course not blessed with navigable rivers. México in its northern section has virtually none but even those that exist are not plied by steamers and but little by power boats, in which a world of opportunity for development seems to lie. In southern México there exist two river systems, that of the Coatzacoalcos on the Isthmus of Tehuantepec and that of the Grijalva and Usumacinta, in Tabasco, a system of immense extent and covering a vast territory with mighty streams rising in the high cordilleras. Both flow into the Gulf of México. Neither of them is adequately developed, although the southern system, opening into the sea at Frontera, is the only means of communication throughout the whole of the rich state of Tabasco and is plied by many river steamers of ancient vintage and accommodations best left to the imagination, with perfect assurance that they will not be libelled.

In Central America the rivers are generally completely neglected, although on the Caribbean seaboard they penetrate into fine tropical farming and grazing territory and on the Pacific at least one river, the Lempa in El Salvador, meanders through some of the finest sections of that rich republic.

In Nicaragua and coasting Costa Rica is the San Juan River, living, flowing proof that river transportation has been possible and will yet be profitable again. This river, which is part of the route of the proposed Nicaraguan canal, flows eastward into the Caribbean from Lake Nicaragua and up its length sailed, on various occasions, certain of the doughty pirates of the colonial era to sack the city of Granada, built far away on the Pacific shore in the hope of avoiding just that experience. Generations later the San Juan River, with a short coach-ride around the rapids, was

a portion of the de luxe route from New York and New Orleans to the California goldfields, under the direction of Cornelius Vanderbilt. His river steamers, like his fast ships on the Atlantic and Pacific, gave pleasant (for those days) means of travel, accommodations unknown there since the fifties of the last century.

Traveling southward, the bays and lagoons of the Caribbean and of the Pacific shore give, crudely as yet, access for tiny power boats as well as ocean steamships to regions as yet only beginning to be unfolded to development. In Panamá, a network of rivers once cut the lowlands and into the hills; when Sir Henry Morgan crossed the Isthmus of Panamá to sack the rich city of Panamá in the buccaneering days, he traveled in part by the Chagres River, now one of the important sources of the water supply which operates the locks of the Panamá Canal. But it was hard going, for the records of that expedition show that the rivers did not furnish very direct routes of transport and before the journey was over, a stout leather boot was a dainty tidbit for dinner.

Colombia is really the first of the countries, as we move southward, which has made even a start toward adequate use of her waterways. And there be those who declare that Colombia has enslaved herself to the caprice of one tropical river. The Magdalena, flowing northward from the highlands, has been the main route of travel between Bogotá, the highland capital, and the Caribbean Sea. The Cauca River, paralleling it on the Pacific side of the Andes, is less used today, for it is now paralleled itself, as is the custom of railway and highway builders the world around, by the Pacific Railway and still more recently by a motor road. The Magdalena, however, remains still the artery of



the life of Colombia, and indeed the air transport lines are operated with hydroplanes which fly above that famous stream for all the length of their bit of the trip from the coast to the capital. Both boats and airplanes depend on the railway, however, to carry their passengers and freight from the river port of Girardot to Bogotá. The Magdalena is treacherous and highly temperamental and in the dry season all of the many steamers plying its length may easily be found, not in the ports but high and dry on its banks, here and there for its full length. Rapids at La Dorada, below Girardot, require a portage by rail of both freight and passengers and the costs of transport mount, with good luck, to only 100 per cent of the value of the cargo. River transport has its difficulties and tropical heat on passengers and cargo (especially if it be valuable coffee bags carried as deck load) is neither pleasant nor improving. In large part, however, the difficulties are due to the service which is rendered rather than to any inherent fault with the idea of river transport. With swift motor boats, modern barges for freight and locks at the rapids, the comfort and cost of living in Colombia would be materially benefited; there is yet a world of advantage to be taken of the rich gifts that Nature has showered on these lands.

In Venezuela the Orinoco, although barred at its delta by shifting, shallow sands, is the main route of travel, needless to say, in the far eastern section of the country. But there too it is only half used, by characteristic old sailing ships under the tropic sun or under tropic rains that turn not only the river but vast areas of the flat *llanos* (which are virtually only an immense river bottom of the Orinoco system) into "navigable streams." Lake Maracaibo, in the west of Venezuela near Colombia, has proven itself an effective means of intercommunication not only between the

ancient cities on its border but in recent years between the oil fields and their centers of administration at Maracaibo, and with each other. Here indeed modern motor boats are in use and specially designed tankers, which can cross the shallow bar of the straits that connect the lake with the sea, transport the wealth of Venezuelan oil from the fields to the refineries in the free ports of the Dutch islands off the coast.

Into Lake Maracaibo pour many rivers, up one of which a steamer finds its way to a connection with the railway which leads into the interior of Andean Venezuela and by railway and highway to the heart of the eastern section of Colombia. The service is miserable beyond description, but the highway of water is there and offers transport perhaps commensurate with the needs of the regions, for railways or roads could as yet not serve them economically.

In the slopes of the Andes southward and eastward from Venezuela, Colombia, Ecuador, Perú and Bolivia lies the immense basin of the Amazon and the related regions of the upper Orinoco and its great tributary, the Rio Apure. The Orinoco and the Amazon systems approach one another in the flat jungle lowlands and a canal which flows sluggishly, sometimes toward the Amazon and sometimes toward the Orinoco, has been declared by many explorers to unite the two. The opening of the Rio Apure will some day furnish the means for the development of a magnificent interior portion of both Colombia and Venezuela. Modern ships and modern power fuels have brought that time perceptibly nearer; these regions, even the national boundaries of which were never surveyed until the airplane came to the rescue of baffled engineers, have possibilities that were not even dreamed by the intrepid Spanish prospectors who covered other regions so effectively.

The Amazon is navigated for two thousand miles by ocean-going ships, but beyond Manaus and Iquitos (which is in Perú), the terminal ports and once the great shipping centers for the rubber of the Amazon valley, there is comparatively little use of the great river systems. Immense difficulties of rapids and the sparsity of population affect all this, of course, but undoubtedly the development of the Amazon basin, when and as it comes, will use the mighty highways of water for many long years and perhaps for centuries. Certainly, cut as the Amazon region is by streams of great or little depth and width, the building of highways and through railways will be, if ever, a distant achievement. One tiny stretch of railway, around the rapids of the Madeira River and across to the Mamoré River, was built in the middle of the last century chiefly to provide safer and cheaper transport for rubber. The development of this whole vast region, beyond this limited service (as good probably as the present value of the trade deserves) is now furnished by the ocean liners which ascend the Amazon for 2,500 miles and by the lumbering river boats. A new crop will have to come, a crop that may well be lumber or pulpwood or paper pulp manufactured in those distant plains for the needs of the world as a first step, and following that other communications may come. The Amazon basin offers an utterly magnificent vision of future development of water transport, and of airplane service, of course, above its placid streams.

The rivers of the Pacific side of the Andes of South America are short, steep and swift. In Ecuador, only the rivers that flow into the Gulf of Guayaquil penetrate rather further into the lower valleys and are used extensively as means of transport for the cacao plantations. Here, although much is left to be desired in the ships and barges and their

comforts and schedules of travel, the streams are serving their purpose and serving it well. The Guayas River, on which the port of Guayaquil is situated, furnishes the harbor both for river boats and for the ocean liners and freighters that touch the port.

All the way southward from Ecuador, the Andes are close to the coast and although there are many inlets no single stream of any size, or any great possibilities of navigation certainly, finds its way into the Pacific. Until the southern fiords of Chile are reached, ocean-going coasting steamers and highways and railways alone furnish routes of transport—they and the airships that have annihilated time and therefore distance on these leisurely coasts.

The mighty river system of the Amazon rather overwhelms, in our common thought, the splendor of the correlated but separate system that lies to the south of it, that of the Paraguay, Paraná and Uruguay Rivers, all of which pour into the mighty estuary of the Rio de la Plata. These three rivers, with the tributaries which extend them to the foothills of the Andes on the West and into the plains of the Amazon on the North, are well served by steamship service, and indeed nothing in all Latin America can be compared to the service of freight and passengers which they provide. Argentina's railway systems tap many of the territories served by the river steamers but a great quantity of freight travels by water. Thus, although the railway reaches to Asunción, Paraguay, that distant capital is also an important river port to which small ocean-going liners can reach, as well as the river boats. The Uruguay River skirts the country of that name, and is an important means of communication between its interior cities and the great world port of Montevideo.

Steamers, with portages around rapids and, amongst

other obstacles, the mighty falls of Iguazzú (comparable in magnificence to Niagara and to Victoria Nyanza in Africa) serve far distant regions in the interior of Brazil as well as Argentina. They provide figurative highways already beaten by the (sometimes primitive) traffic of four centuries for the future development of the temperate and sub-tropical regions of southern South America. No study of the possibilities of the development of this most promising of all the regions of Latin America can afford to overlook, in any phase of its consideration, the great value and importance of these water systems and of the development already attained in communications by that means. In southern Argentina there are a few streams emptying into the ocean through Patagonia, and along the Atlantic seaboard small, hardly navigable, streams drain the southern pampas.

Latin America has spent (not counting the port works of Panamá, which are part of the Panamá canal), probably more than \$500,000,000, on the development of harbors alone. These have ranged all the way from the simple construction of landing platforms on the edges of steep coral walls built by nature along the borders of completely perfect harbors like that of Willemstad on Curaçao up to the tremendous port works of Buenos Aires which have cost close to \$50,000,000 and are still in the building, or to the frightfully difficult works on the Pacific coast of South America where, as at Antofagasta, a single storm can lay waste the engineering achievements of years and of millions of dollars.

There have been immense losses in the sums that have gone into the tremendous struggles to create port facilities, losses both from graft and from inadequate engineering and finance. The long history of port developments has, more-

over, brought to light most of the evils that beset all Latin American development in the early stages. Many of the ports were, for instance, developed under the concession system, a port works company formed in England or France obtaining the right to levy, for a period of say fifty years, a special port tax on every passenger and every package of merchandise entering the harbor. In return for this they were to build docks and other port facilities adequate to the needs of the traffic. Scores of such port concessions were issued and, in many cases, docks and port works were built on a flimsy and inadequate scale, inadequate alike at the time of their building and for the future. Many of these concessions are still in force, and to this day in such important ports as La Guayra, the gateway to the capital of Venezuela, the port charge is collected for the use of the ancient, rotting pier, hardly up to modern traffic needs and quite unprotected from storms that come from any direction except that of the prevailing winds. These ruinous concessions have in many cases forced the building of new ports at other locations, because of the unwillingness and indeed the financial inability of the owners of the expiring concessions to make improvements.

The great port of Callao, Perú, one of the few fine harbors of the Pacific coast of South America, until 1930 suffered from an ancient port concession which had, half a century before, provided a few shallow docks for the tiny sailing ships of that day and which since that time had done nothing to keep the port up to modern times. Every steamer of any size and particularly the larger liners and passenger ships had to anchor far out from shore and transport their passengers and freight by lighter, while dingy sailing ships and fishing boats alone docked at the ancient piers. In 1928 work was begun—to be finished three years later—on a modern set

of piers, capable of expansion as need shall come, built by a large United States contracting firm for and on the account of the Peruvian government.

There is no need nor room here to detail the story of the building of the ports of Latin America. It embraces the romance of national struggles to link their lands, through the ships of the sea, with the distant world. It involves the story of great contractors and the romance of all the engineers who fought back the jungle through the years of Latin America's growth to maturity. It embraces tales, not so thrilling, of knavery and corruption and theft from the peoples of the countries and their governments and from the investors abroad who bought the bonds.

Today beautiful and effective port facilities exist or are building throughout Latin America. There are some almost perfect ports there. Willemstad is one, with its old pirate history, but even there millions have been spent by a great oil company to provide its own port within the older harbor. There is Rio de Janeiro, the most beautiful and one of the finest harbors in the world; despite its natural facilities some \$40,000,000 have been spent in razing hills about the harbor and creating new waterfront facilities. There is Antofagasta in Chile, where the engineers "took a chance" to save money and built the sea wall on too narrow a foundation so that a single storm, as noted above, wrecked the work of years and of millions of dollars. There is Callao, with its story of former inadequacy and, there and along the whole West Coast, the difficulties and costs of handling freight under the ancient and expensive domination of the local longshoremen's unions. Panamá is a modern harbor with modern machinery for handling cargo, and the Central American banana ports display a similar efficiency, on a miniature scale, to the big harbors of the canal. There are

used mechanical loading devices which the labor unions of the ports of the United States and Europe will not allow the banana importers to use in unloading the same fruit.

Thus, by slow and too often painful processes, Latin America has forged its links with the sea lanes, and wherever men have been able to bring their goods to the sea and to load them on ships, then and there they have achieved contact with the great pool of commerce.

Virtually all the railway building of Latin America was a portion, or a reflection, of the great railway building era of the last half of the Nineteenth Century in the United States and Canada. From 1850 onward until 1919, when the drive for highways began, the building of railways with loans floated in Europe was the one expression of the ideal of progress in all the Latin American countries. It seemed so sure that the railways once built, the era of wealth and prosperity would immediately be realized. In those days Latin American governments were happy to pledge their revenues for a century to come to obtain railways, and much of the vast volume of worthless public debts which were floated in London through the last half of the last century were directly or indirectly for railway construction. The government of Honduras, in 1871 and 1872, keenly anxious to build an inter-oceanic railway, pledged its credit and various specific revenues to the floating of about £25,000,000 of bonds bearing from 6 to 10 per cent. Sixty miles of railway were built and £2,000 of expense money reached Honduras. The remainder was eaten up in low prices obtained for the bonds and in the "selling costs" in London; the whole matter was the subject of a parliamentary investigation in England. The debt is now being settled on a small percentage basis by a special stamp tax,



but principal and interest had increased to nearly £30,000,000 before the settlement was made. That is example enough of the sacrifices the governments of Latin America were once ready to make for railways, for it was duplicated in various lesser ways throughout all the countries.

There are now about 75,000 miles of railway in the whole vast area of Latin America. An astonishingly large proportion of this mileage is, however, in strategic location and a happily limited amount is in lines that parallel one another. All but one national capital (the exception is Tegucigalpa, Honduras) have rail connections, and the capitals are almost invariably cities of commercial importance. Bogotá, the capital of Colombia (of course in addition to Tegucigalpa) is the only national capital and indeed one of the few principal cities in Latin America which is not connected by rail with the seacoast; its outlet is by rail for a portion of the way and then by river or air northward or with a short gap covered now by automobiles, by rail westward.

The history of railway building in Latin America goes back to 1842, when the first concession was granted for a railway from Vera Cruz, on the Gulf of México, to México City, but only a few miles were then built. This was only three years after work was commenced on the Baltimore & Ohio, the first railway to be built in the United States. Vicissitudes and difficulties were overcome, and a new British concessionaire finished the Mexican Railway (the "Queen's Own") through from Vera Cruz to the suburban terminus of México City in 1857. Meanwhile, work had begun on the railways of Argentina, and in the next fifty years most of the major construction of railways in Latin America was carried out.

Today the railway systems of Latin America give seven /

distinct transcontinental routes, some of them with alternative termini. The most northerly is in central México, the Gulf of México termini being Tampico and Vera Cruz, the Pacific termini Guaymas, Mazatlan and Manzanillo; the neck of the bottle is the line through Guadalajara, over which all this transcontinental travel must pass. A second transcontinental line in México is that across the Isthmus of Tehuantepec from Puerto México to Salina Cruz, once a magnificent system with ample port facilities, now crumbled to ruin through disuse and revolution. The third line is across Guatemala, the Caribbean terminus Puerto Bárrios, the Pacific termini San José de Guatemala and Acajutla and La Unión, Salvador. The fourth is through Costa Rica, from Port Limón on the Caribbean to Punta Arenas on the Pacific. The Panamá Railway is the fifth, from Cristobal-Colon to Panamá-Balboa. For the sixth we must go far southward, to Bolivia, where the long line from Argentina was completed in 1925. Its Atlantic terminus is Buenos Aires, its Pacific termini Arica and Antofagasta, Chile. The seventh and last is that formed by the linking of the State Railways of Chile and the Buenos Aires and Pacific Railway of Argentina by the Transandine Railway.

Only three of these transcontinental routes are standard gauge lines, the two in México and that in Panamá. The two in Central America are narrow gauge and those to the south combinations of wide gauge, standard gauge and narrow gauge. While it is not an entirely fair comparison, it is an index of national development to note that in Canada and the United States, with vastly greater distances and equal engineering difficulties, there are now, roughly computed, ten independent transcontinental railway lines, in about one-fourth the corresponding north-south distance.

There are, in the Latin American railway systems, only

half a dozen international connections. The United States and México are connected at five points. México and Guatemala are connected at one point, although no bridge now exists to allow the crossing of the Suchiate River. Guatemala and Salvador can be visited across the line by rail, the international railway link having been completed only in 1930 and serving most importantly as a rail outlet for El Salvador to the Caribbean. There is now an international link of narrow gauge railway between Venezuela and Colombia, also of recent construction. Chile and Bolivia are linked, and Bolivia and Argentina. Chile and Argentina are joined by the tenuous Transandine. Paraguay and Uruguay are linked, and Uruguay and Brazil by a distant frontier railway. And that is all.

Yet one of the oldest dreams in Pan American relations is the Pan American railway, linking the United States and all the countries of the mainland of the hemisphere, a plan proposed by James G. Blaine, then Secretary of State of the United States, to the First Pan-American Congress in Washington in 1889.

The railway systems of Latin America have been extensively described in various works. The series of brochures published by the United States Department of Commerce and noted in the bibliography is most complete from every angle. An inspiring tale of human ambition, sacrifice and achievement is told in the history of virtually every railway that has been built in these countries—proof enough of itself to promise that peoples who can dream and sacrifice as they have done for the very practical ideal of adequate transportation can well carry far beyond even what has been accomplished.

It cannot be overlooked, however difficult it may be to

realize, that with all their shortcomings the railways of Latin America do serve their territories well, within their limitations and within the relatively small areas they have opened up. There has been temptation, as these pages have been written, to tell how well, and how difficult it was of accomplishment. But suffice that the lesson lies plain before us. It is the very theme of this book, that is that Latin America, through all its difficulties, has in the past built and is building soundly today its "plant" for a magnificent future.

The period of highway building in Latin America began in the same years as in the United States. This was following the close of the Great War, when the use of motor trucks and the limitless possibilities of passenger cars had been demonstrated on the ancient roads of France. During the years immediately following, the engineers and machinery makers of the United States evolved, with considerable rapidity, a type of highway construction that could be laid in virgin territory, and yet would approximate the highways of Europe, which had been built through centuries of dumping gravel and broken rock and compacting it by the traffic of carts and wagons. This contribution of North American construction machinery and methods was the definite impulse which began the era of highway building in Latin America. Power shovels and scrapers, power rollers and finally the intricate but magically effective concrete pavers and traveling mixer drums mounted on trucks, made possible the highways and later the paved roads and streets which cross Latin America today and are pushing their way forward into newer fields each year.

There is no more thrilling picture of mechanical progress, as it spreads across the vast spaces of Latin America,

than this scene of the building of the highways there. In the first burst of construction from about 1920 to 1930, probably over 100,000 miles of good roads were built in Latin America, a small but not inconsiderable portion of which were hard-surfaced highways, including hundreds of miles of the finest asphaltic macadam surfacing over a concrete base.

Highways in Latin America have everywhere been received with enthusiasm, for the search for sound transportation is not new to Latin America. Spain, and the best of the earlier viceroys, made gallant efforts to construct lasting trails for man and beast, the *camino real* or "royal highway" having been distinguished by flat, slippery cobblestones which were laid both to eliminate the mud of the rainy season and, equally important, to prevent the luxuriant growth of the jungle from sweeping away every vestige of the trail. Such causeways were built across the Isthmus of Panamá and throughout the colonies, and this type of construction has come down to modern times. No one who has not ridden the trails in the jungle where this simple but expensive type of paving (or something more modern) is *not* used can appreciate what a great step in progress even that crude pavement was.

On unpaved trails where mules are used, the habit of that usually sagacious animal, in treading as nearly as possible in the exact footsteps of the animal that preceded him, cuts the trails in the rainy season into a series of transverse ditches filled with slimy mud. Into these ditches the mules tread, day after day and week after week, until sometimes the untrod ridges between stick high and dry above the series of mudholes where the mules still travel, and where horses must perforce follow them. In happier periods of the year, travel over the so-called roads of fertile country

regions results in deep cuts in the earth, until a road becomes a trench in the countryside, filled with flowing dust when traffic passes and becoming roaring rivers in the rainy season. In some portions of the tropics the carts which cut these deep ravines carry conch-shells which are blown on entering any particularly deep or winding chasm, to warn any cart or motor car coming from the other direction, for once met in these narrow passes, particularly with ox-carts, there is no passing, and retreat is painfully difficult. Truly, no region of the earth had better use for good roads than Latin America. The lack of such facilities was, however, common to the whole of the Americas, North and South, and only the greater need emphasized any lack in the Latin American countries.

The earlier enthusiasm for railways, which resulted in the reckless pledging of national credit and yet achieved the building of virtually all of the existing railways, was the result in part of the realization that prior to the production of the peculiarly American type of highway construction machinery, or, say, 1920, actually no means existed for building good and smooth roads in any but the most rocky, and therefore expensive, regions. The absence of motor transport was of course a large determinant in the abandonment of the idea of the old type of highways in favor of railways. The great railway building era went far, as we have seen, to break down the isolation within the various countries, even if they did not often penetrate beyond the jealously discussed frontiers. Railways alone seemed able, then, to negotiate heights and distance and the treachery of jungle and mountainside.

The building of railways slowed up and indeed almost ceased when the construction of modern highways began, but this has been a changing period in Latin America, and

the attitude toward the question is becoming one of considering transport and not highways or railways or rivers alone. A few years ago, Colombia assembled a commission of transportation experts from abroad to study the national problems and to consider particularly rivers, railways, roads and the air in their relative importance to the whole transportation problem, an attitude which has since borne the fruit of example in other countries faced with somewhat similar problems. Some countries, like México, Cuba, Venezuela, Perú, Chile, Argentina and Brazil, have excellent highway development plans and the others, in the crucible of difficult financial times, in 1930 and the years immediately following, have worked out an advancing co-ordination plan. Colombia's solution in 1929-30 resulted in a report with specific recommendations which has since become the basis of the federal and state public works programs. There has been and will be waste in the highway constructions of Latin America, but they are adding their bit to the advancement of civilization and to the extension of the most precious of national assets — transportation — in every one of the countries.

In the development of these highways many far-reaching plans have been evolved. The Pan-American railway idea has been transmuted into the idea of a Pan-American highway, similar in location and similar in ideal. The Pan-American railway plan has met many difficulties and so in turn has the Pan-American highway. Until 1929, it was largely a slogan sounded by North Americans, but at the Second Pan-American Highway Congress in Rio de Janeiro in that year, the subject was thoroughly aired and the frank discussion resulted in a general agreement to influence the location of highways as far as practicable so that they would

link with those of neighboring nations at the international borders. Another agreement was that there need be no single Pan-American highway, official while all others were unofficial, but as many as might be desirable should be selected and built. The aid of the United States was pledged to the project and in 1929 an appropriation was made to open an office of the Bureau of Public Roads in Panamá to aid, with surveys and advice, in the section of the Pan-American highway lying between the southern border of the United States and the Panamá Canal.

The Pan-American highway, as indefinitely laid out, comprises the whole highway system of Canada that leads toward the United States border, and of the United States that leads to the Mexican border, and so on southward. The border links are to be most important, and are being solved as time goes on. There will also be the development of whole new regions opened by these highways, built primarily to meet an ideal of intercontinental traffic but practical, withal, in the national results that will be concomitant. An example that may well become a reality before many years is in Costa Rica. Heretofore this country has developed only along the railway line but, when the highways are opened to Panamá and Nicaragua, we are sure to see a new pioneering wave into the known but now inaccessible rich valleys which such roads must traverse.

As for the future, there can be but one prediction, and that almost a certainty. The highways of Latin America, and particularly those of key countries like Argentina, Brazil, Colombia and México, are unquestionably destined to an extension far beyond any possible estimate based on those existent today. The richest portions of some of these countries have yet to be opened, and highways are surest



to lead the way in that opening. That the highway mileage, of roughly 100,000 miles usable by motor vehicles, will probably be doubled by 1940 and multiplied many-fold as decade follows decade, can be denied only if we envision some other quite different means of transport. That there will be a progressive improvement in types of highways is inevitable, and the present system of building low-cost roads first and improving them as time goes on, promises continuous road building everywhere throughout Latin America, just as in the United States and Canada.

It is the automobile for which the roads of the world are being built and for which those of Latin America are designed, both with a view to actual usage now and for roughly estimated future needs. The motor vehicle is perhaps more of a productive necessity in Latin America than anywhere else in the world. Of the 850,000 automobiles registered in Latin America, more than 200,000 are motor trucks, that is, close to 20 per cent of the total, while in the United States only 14 per cent of the motor vehicles registered are classified as trucks. It is also undoubtedly true that a larger proportion than elsewhere of the so-called pleasure cars are engaged in productive labor in Latin America, as stagecoaches, busses, taxicabs and delivery wagons, vehicles which work longer hours, often with two drivers making continuous use of them, than in other countries. The demand for motor vehicles in Latin America has outstripped all estimates and one country, Argentina, ranks as the second largest market in the world for United States automobiles, for the standard types of North American cars excel in demand all others in those markets. The story of the winning of the jungle has been written wide across the spaces with the old Model T Ford "touring" car.

That ancient vehicle persists to this day, a rugged servant second only to the ox-cart in durability on unspeakable roads and surpassed only by the mule in service and adaptability. The picture of these battered vehicles is as essential to any clear description of oil fields or mines or distant pioneering in jungle or highland of Latin America as is the story of the windmills to Don Quixote.

The automobile went to Latin America ahead of the roads, and the increase in the use of these vehicles has had its part, as everywhere, in the demand for new routes of communication. In the years when Argentina, for instance, was far behind in road construction, 80 per cent of its 400,000 automobile registration was outside Buenos Aires, where it would be natural to expect the largest use in the country. These machines were serving the interior cities and crossing the pampas without roads and often under atrocious travel conditions. Everywhere the automobile has penetrated and in far cities of Colombia which are inaccessible except to pack trains, automobiles taken apart and carried on the backs of mules and re-assembled on arrival, find their way across the ancient cobble pavements and even out on short paved highways extending into the interior.

A people to whom the products of modern science and manufacturing mean so much are not to be held back from their development, even in so technical a matter as road construction. Through the distant places of Latin America roads have penetrated, and yet more will penetrate increasingly as time goes on; there is no need to mark the end, nor to try to grasp it. Communications are, to the Latin Americans, the most vital part of their economic development. They are hewing their own way through the financial and commercial difficulties of attainment with the same verve and force with which their ancestors made those

appalling marches, in steel or cotton-padded armor, through the jungle trails of the days of the Conquest.

In 1920, the Austrian head of one of the world's oldest and most successful commercial aviation companies (that operating the passenger and mail line on the Magdalena River in Colombia) made the then perilous flight around the edge of the Caribbean Sea to Havana and went to Washington to negotiate for the United States air mail contract. The then Postmaster General frankly told him that there would be no mail contracts for foreign companies if he could help it, and as a result of his personal agitation, a group of North Americans were induced, not without difficulty, to organize the Pan-American Airways. To that organization was then given the first contracts for the carrying of United States mail to Latin America. That was in 1927, and since that year the subsidies have been increased, the mileage has spread out, and a rival company, the "Nyrba," which planned to operate between the United States and Buenos Aires down the East Coast of South America in competition with the Pan-American on the West Coast, has been absorbed. The first through mails took ten days; that was in 1929, and they flew when and if their luck was good. By 1931, the mail was traveling regularly in seven days and in two years more, with night flying, the trip could be cut to three days of elapsed time — a change indeed from the old days when three weeks was excellent mail time by steamer.

The Pan-American Airways, operating in conjunction with the Grace Steamship Lines, cover México, Cuba, the West Indies, all Central America and all of South America to Buenos Aires and Rio de Janeiro. The lines circle the Caribbean, touching at the islands and in Venezuela.

Passenger service grew with the mail service, but the latter pays the bills, under a subsidy which was arranged to pay operating costs of the planes. The routes total 18,000 miles, and eighteen of the twenty Latin American countries are touched regularly.

In Colombia the Scadta (made up of the initials of its Spanish name) operates its German planes with German pilots, and flying low over the Magdalena River has had virtually no accidents and even its now extended lines into other points of Colombia have an enviable record to show for aviation over as long a period as any continuous commercial service in the world. The regular planes of this service have revolutionized transport in Colombia, for the normal running time of the river steamers, in good weather, is eight to ten days from the coast to Girardot, a space covered in less than a day by the Scadta planes. The success of this excellently organized enterprise is one of the outstanding features of aviation history. Its ships cover, roughly, about 5,000 miles a week. Another German company, the Condor Syndicate, has had important contracts along the Brazilian coast between Natal, where the fast European mail ships make their first stop in Brazil, and Rio de Janeiro, into the interior of Brazil and down to Argentina.

The first and most important aviation contacts of South America with Europe were made, however, through the French-owned and operated *Compagnie Generale Aeropostale* which early established a weekly service between Paris, France, and Santiago, Chile, touching at the important cities in Brazil, Uruguay and Argentina en route. There were 3,500 miles of this route in South America, and the contact with Europe was established by the steamers plying between Natal, Brazil, and Dakar, West Africa, where the

French air mail service picked up the air mail from and delivered it to the mail steamer. This service was designed to be all-air, including the section across the South Atlantic. This would make the air mail time from Paris or London to Buenos Aires about four days (with the steamer it was eleven) and would be the motivating cause of the operation of the Pan-American planes in night service to bring Buenos Aires to within three days of New York. The Aeropostale carried mail and passengers from Buenos Aires to Asunción, Paraguay, and southward along the coast of Argentina. It had a connection to Venezeula, linking in with the trans-Atlantic steamers.

The Chilean National Airways, covering the 2,600 miles of Chile's length, carries mail throughout the country. The Lloyd Aero Boliviana flies over 2,300 miles of routes, although irregularly. The Peruvian Naval Air Service and the Fawcett Aviation Company early covered interior Perú, and reached over the Andes to the city of Iquitos, at the head of navigation of the Amazon, in a few hours. Only a few years ago, the quickest way to get from Lima to Iquitos was to go by way of the Panama Canal, around the northern edge of the continent, and 2,500 miles up the Amazon!

The list of the aerial services in South America changes with startling rapidity in these days, and a recording of the mere names gives but a brief idea of what they have done and where they may be going. In México, a national air service supplements the service of the Pan-American Airways, flying into sections of the country not reached by the trunk lines; it covers close to 5,000 miles, a formidable service for México. In Central America, whose life has been transformed by the coming of the planes of the Pan-American, some local and national services are established.

The airplane, coming to Latin America with its limited transportation facilities of the past and the slow, plodding time which travel has taken through the centuries, is one of the supreme boons of the modern age. The airplane has been said to bring more to undeveloped lands than to those that have their communications more fully advanced; certainly this is true in Latin America. The planes, flying over the sandy beaches, have thus in many sections their own airways laid out for them, but they leap the Andes and fly over the tropical jungles with equal daring, and generally with equal safety. Along the coasts of the tropical regions, in fact, beaches are few and the vegetation comes to the water's edge over hundreds of miles of the coast. The cost of erecting beacons alone has been a tremendous handicap to the development of night flying, but these have been built with greater rapidity than would have been guessed by the most sanguine optimist at the beginning of airplane service. As a rule, the governments of Latin America have not yet assumed the responsibility of lighting and marking the air lanes, or of furnishing landing fields, as is done by the Federal Government or local enterprise in the United States. However, high rates for the carrying of air mail prevail, as do generous mail subsidies, and the companies receive their operating costs and in many cases enough to progress steadily with the development of their own ground facilities.

The revolution in custom and business practice in the countries of Latin America has been notable with the introduction of the air mail. Banking has been speeded, and the fast handling of documents in trade and of articles of trade indeed, have become commonplaces since the air mail was introduced. When the air mail time between Buenos Aires and New York had been cut to a week, it became

possible to exchange letters twenty-five times a year as against the maximum of nine times a year by steamer mail at the old sailing time. The possibility of sending documents to a consignee by air mail instead of by the next steamer has eliminated many of the old difficulties of trade when such documents had to follow a week behind at the earliest. Every element of trade is using air mail increasingly, and will yet expand.

The use of the air services for passenger traffic has grown by leaps and bounds, in Latin America. Between the countries of Central America, once separated by days of travel by sea or across the long trails by horseback, a jump of an hour or two at most links all the capitals and principal towns. In South America the same great advantages exist in many sections. The air mail and passenger service has made it possible to bring residents of distant places on the coasts or in the Andes to the facilities of the large cities in a few hours, in case of serious sickness a service which has been emphasized more than once to the residents of those once isolated regions in a way that is not forgotten. It is possible with air service for instance, to leave almost a week after the steamer has sailed from Santiago, Chile, and overtake the same boat in Lima; it is this facility which has induced experienced steamship lines to ally themselves with the Pan-American Airways.

The future of aviation in Latin America is dazzling. Every long-distance flight anywhere in the world, every triumph of endurance, every proof that planes are safer and surer, advances by many fold the day when airplanes shall conquer Latin American distance, not only for the few but for all. Distance has for the four centuries of American history been the greatest enemy of every dream or plan of progress or peace in every one of the countries from North

to South. Distance and time, and comfort, — these aviation is annihilating year by year and month by month. There is already no spot in Latin America that is inaccessible, save only the jungle where no man has happened to clear a space large enough for a landing field; the streets of miserable villages were proven to be adequate in an emergency to planes of the United States Marines in Nicaragua as early as 1927. By plane, men have explored in five years more of the Amazon than four centuries had described effectively before. Most of the disputed lines of national boundaries have been resolved, since 1923, by airplane photographic surveys over trackless jungles; crests of ranges that no man could survey the aerial camera has located beyond dispute and has thus resolved a dozen potential causes of international strife.

The radio has linked the nations of the Americas as it has linked no other group of nations anywhere else in the world. In its earliest development as a competitor to the cables for commercial messages, one of the first world-wide operating arrangements in the history of commercial radio telegraphy was worked out in Latin America between the Radio Corporation of America and the various European companies. In the development of radio telephony, the link between New York and Buenos Aires was second only to that between New York and Europe. In radio broadcasting, the fact that the north-south waves travel at the same hours, and that night (the surest and safest period for broadcasting, and for the largest audiences) is the same throughout all the Americas, have tended to make the radio links closer as each year passes.

Again, as in aviation, the changes and advances are so rapid that it is of no significance to record what has been



the furthest step that has been taken as this is written, or as the last opportunity to correct and bring down to date may allow. Short-wave broadcasting from the United States Navy station in Washington and from two great commercial stations elsewhere in the United States was developed on a regular basis as early as 1926, well-designed Spanish programs were in vogue by 1928, and by 1930 these were considered of vital importance in the foreign relations of the two great electric companies which sanctioned them and paid their not inconsiderable bills, while the Pan-American Union's broadcasts over the Naval station had become an established institution throughout the hemisphere. But as this phase advanced slowly, there grew to a swelling chorus the radio broadcasting industry of Latin America, and more and more the programs from the United States and those from Latin America (down to Buenos Aires and Santiago de Chile) came to be heard in distant places at the opposite ends of the Americas. Havana and México came to be outstanding features in the listening of the North, and "Amos 'n Andy," at the height of their popularity, were listened to in Brazil and in Argentina. What had once been freak luck became a commonplace and where in 1924 the cheering (but not the speeches) from the Democratic Convention in New York could be distinguished, with a little imagination, at a single tiny station on the top of the Andes, in 1931, a little broadcasting station in Buenos Aires was cheered with "fan mail" from Massachusetts, and "the smallest radio station in the world," at Heredia, Costa Rica, was known to hundreds of listeners in the far corners of the globe, and a book, in quaintest English, was written for its widespread coterie of friends.

The radio has grown in popularity, both through its novelty and through, in the later years, its advancing value to

hearers and broadcasters. In the export year of 1931, for instance, radio almost alone of all items climbed steadily, trebling its figures each year. Argentina attained a record of a million radio receiving sets by the end of 1931, and the first forty kilowatt broadcasting station was opened in South America (Buenos Aires) in the same year. Six years before, the music from the great Colon opera in Buenos Aires had begun its broadcasting, the first broadcasting in the world of the full performance of opera or play, and it was being listened to in Chile across the Andes, and in Brazil far to the North.

Radio is perhaps more a cultural link than a phase of communications, but its place is certainly in the chapter devoted to the marvelous strides that have been made in the means and the achievement of links of nation to nation and people to people. The great events of every nation in the Americas are broadcasted, the declarations of presidents and the speeches of visiting princes. Music has long flowed through the ether for, beginning in 1926, as noted, the United States Naval Broadcasting Station sent, on short wave-length, the music of Latin America, played in the patio of the Pan-American Union in Washington, up and down the continent.

That north-and-south traffic has a significance that can hardly be over-emphasized. The belt of night and day, and hour by hour, travels evenly across the Americas. Every city of importance in Latin America wakes and works and sleeps at the same hour as some great city in the United States or Canada. The radio, of an evening, reaches the people of the hemisphere at the same hour, and at the same moments in the round of their days. Links like those are beyond evaluation, beyond prediction of what they will

do in drawing the nations closer together and in unifying their thought and their action in years to come.

The telegraph systems of Latin America were early developed, and they constitute perhaps the most complete of all the means of communications in those lands. Argentina, for instance, has slightly more miles of telegraphs per hundred of population (1.9) than the United States (1.8), while Chile (1.4) and Costa Rica (1.2) are close to the figure by which we must, perforce, judge the other nations of the Americas. In virtually every one of the countries, the telegraphs are government services, relatively cheap, probably unprofitable, but strictly controlled and in time of trouble sharply censored. The cables in some countries have their private lines from the coast to the centers of population, as in México, where the Mexican Telegraph Company, one of the oldest foreign communication systems, has long had its own wires into México City from Vera Cruz, the cable landing. In Argentina and Chile, the All America Cables has its own lines across the Andes, guaranteeing service continuously.

In other countries the government holds a firm hand over outside communications, like the radio in Tegucigalpa, Honduras, where all messages must be filed with the national telegraphs, and transmitted over these lines to the radio station in the suburbs, although the wise foreigner with a message in another language than Spanish will, for accuracy, arrange to send a copy direct to the radio station, although filing and paying the high rate demanded by the national telegraphs. Incidentally, the telegraphs in Central America are so arranged amongst the five countries there that one may send, for half a United States cent a word, a

message from any one to any of the other countries over the national lines. The price is thus lower than similar distances could be covered in the United States by telegraph, and the service is fair.

The control of telegraphs by the government is a factor in the status of communications that is not to be overlooked, and although the lines are often old, often strung through the jungle not on poles but on forest trees subject to storm and wind, this means of progress deserves high praise.

The telephone, save as a means of purely local communication, is of recent development in Latin America. As in the United States and Canada the telephone in Latin America began as a local enterprise, and was for years confined to the towns where it was first installed. Later the Ericsson (Swedish) Company invaded the field and met the interests of the International Telephone and Telegraph Company in competition. In 1931, these two were merged and the telephone became in Latin America, as it has most profitably become elsewhere, a monopoly under strict—and often very strict—government supervision. Argentina had, in 1930, 793,000 miles of telephone wire, and 262,000 telephones or 2.34 per hundred of population, as compared with the United States with 3,983,000 miles of telephone wire and 1,405,000 instruments, or 14.34 per hundred of population. Brazil had 320,000 miles of telephone wire and 145,000 instruments. Cuba came next with 256,000 miles of wire, and 77,000 instruments or 2.13 per hundred of population, while México was fourth with 239,000 miles of wire and 82,000 instruments (0.50 per hundred of population).

By 1931, there was radio-telephone communication with Europe and the United States from México, Cuba, Argentina, Chile, Venezuela and other Latin American countries, and the end of expansion was far distant. Chile, Argentina and Uruguay were linked up by long distance telephone cables. The combination of the Ericsson telephones with the International, a New York company, promised vast developments and a heavy investment of capital, a contribution of North American capital and enterprise with local interests which is one of the promising signs of closer relationships and greater good will.

The most romantic story in connection with communications has been left to the last. This is the bare record of the development of the cables. Starting with the line to Vera Cruz, México, from Galveston, Texas, the company which is now known as the All America Cables has built, in a quarter of a century, one of the most potent links between Latin America and the United States. The Galveston-Vera Cruz cable has been sold to the Western Union Telegraph Company, the All America has come under the control of the International Telephone and Telegraph and thus of the Postal Telegraph system, but its service has been pushed and its rates lowered consistently in Latin America. Today it is as cheap to send a message from Europe to Latin America via New York as it is direct, and the rates to and from Latin America and the United States and Canada are lower in proportion than those between any similarly important areas in the world.

The Eastern Telegraph Company of England has had cables to South America for many years. When the present All America Cables laid its first lines, it could compete only on the West Coast, far distant from the European

headquarters of the Eastern. It reached, finally, across the Andes from Chile into Argentina, fought in the courts for permission and finally laid its cables at night from Argentina to Uruguay, and in order to enter Brazil, because of the Eastern's monopoly of intra-coastal traffic, in 1919 laid two long cables from Montevideo, one to Rio de Janeiro and the other to Santos and Sao Paulo, with no connection between the two. These great extensions brought its total mileage from 14,000 prior to 1914 up to 24,000 in 1930, and the rates were reduced from the competitive price set by the Eastern before the War, of around \$3 per word, to 50 cents a word from Buenos Aires to New York, 10 cents a word for press and a corresponding rate for private weekend cable letters, a service unknown before.

Nowhere in all the trade contests with Europe has the battle been more openly bitter than between the Eastern and the All America. During the War, the Eastern sought to bring its cables ashore in the United States against the express orders of the Navy Department, only to be frustrated by cutters on the watch. There is no false-face in the battle of communciations.

So the links within the countries of Latin America, and between them and the great world, are being forged slowly but progressively. There is a thrill comparable to no other phase of inter-American relations in the linking of nation and nation, and in the simplification of friendship that comes through those easier communications. The airplanes with mail and passengers will fly in three days from Buenos Aires to New York within a brief lapse of time. Cables to-day have made communication easy and cheap. In the sudden crises of 1931, the radio telephone made it possible to talk face to face across the spaces and emphasized, more

than men had ever realized before, that time was the same throughout the Americas, and that a call from New York or New Orleans to Buenos Aires or Rio or Santiago found the recipient at his desk as was he who called. The radio, with programs popular throughout the Americas, flashes the music of the dinner hour to Latin America as to Canada, and he who plays in the mysteries of the short wave can listen to Bogotá or to Buenos Aires as easily as to the amateur station in his own city. That "smallest radio station in the world," at Heredia, Costa Rica, heard and known wherever boys (or men or women) tuned into the lower reaches of the radio scale, was the symbol of a friendship that was at last beginning to find its medium.

North and south move the waves of communication by air and by sea and by radio and some day by rail and by road. Twenty-five years will see vast changes in every field, a quarter-century in which communications now in their infancy will begin to realize their full power. The symbolism is sure, and all the future relations of the Americas will move in rhythm with their growth.

*Chapter VI*

## THE UNFOLDING OF ECONOMIC POWER

THE past in Latin America has seen the development, almost alone, of produce for export. Except for crude foods, clothing and shelter, the concentration has been on the "cash crops" of the farmer, rancher and woodsman and, for the miner, on the precious metals or the minerals used in the industries of the foreign world. The future promise of economic unfoldment lies in the direction of wider production for home needs and in additional local preparation of raw materials before exporting. This does not mean a decrease in export totals; rather the contrary. But it does mean the upbuilding, from within the populations there, of their own resources of wealth and independence and of that higher standard of living which is the hope alike of themselves and of those who trade with them.

The world crisis which began in the closing months of 1929 has probably caused a deeper change in economic life and in the direction of commercial effort in Latin America than in any other region of the globe. In those months of falling prices for raw commodities, Latin American nations awoke violently to the realization (which had been bearing in on some of their wiser economists for many years) that there was no reservoir of national strength in an economic life that was dependent almost entirely on foreign sales and on purchases abroad of most of the manufactured necessities of modern life. The stirring, throughout all those nations, of interest in manufacturers, in small industries and in extensions of the extractive industries to partial manufacture, became evident in many directions. The study of industrial



technique developed expansively. The purchase of shop and factory equipment abroad slowly increased despite difficulties of exchange with which to pay for them. The orgy of new tariffs to supplement falling government revenues was marked by often unstudied and unwise restrictions on certain manufactured goods that ambitious politicians felt could be forced as home industries. Most significant of all, rising tariffs on finished products in general left the old duties on industrial machinery untouched, or lowered them; an increased duty on shoes would be promulgated in the same decree with a reduction in the duty on shoemaking machinery and materials. Some countries sought to force the development of industry in new directions, by putting embargoes on machinery, like textile mill equipment in Brazil, for industries that were considered already overdeveloped, but adding, in the same gesture, wide encouragement for machinery imports for new lines of enterprise. Other countries, like Cuba, reduced all duties on all machinery destined for the establishment of new industries. Crude, sometimes definitely dangerous, were these procedures but they indicated that sharp break away from the past of exploitation which is perhaps the most significant and lasting change in world economy that has come from the lessons of the great depression.

Those changes are a definite link, also, with the United States and with Canada, whence come the tools and sinews of the "economic autonomy" of the future of Latin America. In the two great Anglo-Saxon nations of North America are created the machinery for this industrial expansion. In Canada also have been built the branch factories which are one of the steps in the economic growth hoped for in every country of Latin America. From Canada and the United States come also the capital with which these things

may be brought, not merely into being, but later into fuller flower. The Greater America is in the building in this field more than anywhere else. The United States and Canada do not, as economic units at any rate, seek to furnish Latin America with the goods that Latin America can itself manufacture. The cheap goods of low cost production have been gradually passing from the list of trade items between North and South America over many years, and there is a growing realization that there will be, in the coming generations, a greater and a more normal interchange between Latin and Saxon America than between Latin America and Europe. The "specialties," the product of mass manufacture like automobiles, and above all machinery evolved in the long and complicated industrial history of the North, are the bases for this interchange.

A great economic principle is also exported from the United States, and from Canada, to Latin America. Saxon America has built, and now builds, its economic power on the development of its markets through the larger prosperity and purchasing power of its customers, abroad as at home. Europe, by contrast, has since the beginning of its commercial history, founded its trade primarily on the commercial exploitation of alien peoples; this has certainly been the principle, at least, of its commercial expansion of the past. In its treatment of colonies and of the new nations, Europe has sought to keep the peoples of these regions as far as possible in a dependent relationship, at first politically and later economically (or vice versa) by maintaining them in the relation of producers of raw materials and foodstuffs to exchange for manufactured goods. The relationship is supposed to be inherent in geography and populations, and the Americas all to be at the raw materials end of the arrangement. The American nations, north and south, are

however of the new age where natural development can sometimes be delayed or diverted, but cannot be destroyed, even in four centuries.

How deep has gone the sentiment for economic independence and the creation of new forces within the life of the Latin American nations is a subject for postulation rather than definite measurement. The persistent demand for "economic autonomy" has been sounding in Argentina, for instance, since about 1924. Cuba, since about the same time, has been encouraging crop diversification as a national policy, with increasing production of foods which were once largely imported. Cuban manufacture has been stimulated, both by the freeing of much labor from the sugar fields and by protective tariffs which, as noted above, allow the importation of industrial machinery free of duty for new enterprises. For a century, such concentratedly one-crop countries as Costa Rica (where the entire national energy is devoted to the raising of coffee, excepting for the circumscribed banana industry on the Caribbean coast) have imported nearly all the food they consume. Cattle from Nicaragua, beans and rice from El Salvador, have been typical of the foods that might be produced in their own valleys, for these items come from countries with climates like Costa Rica itself. That is changing gradually, and must change, as suggested elsewhere in these pages. The greater the home production, if only of the foods consumed, the more wealth remains for expenditure on more specialized products of other lands, including those of Nicaragua and El Salvador which apparently would suffer from this change.

The Latin American countries thus emerge, even agriculturally, as areas of the earth where the development of

a genuine and sincere nationalism in production is not and will not be destructive to world advancement. Many mistakes will be made, as they have already been made, in the efforts to help and to encourage home development along new lines, but the tendency to create greater individual prosperity and through that prosperity greater economic power is slowly but certainly forward. It marks a sharp break from the past of exploitation that carries with it a new hope for the whole world.

We shall see, in the next chapter, just how the plantation system, on which the whole of the agricultural economy of Latin America has been based, is passing. It has been wrecked, not by a civil war such as swept away the plantation era in the southern United States, but by the logical development of its own and the world's balance of economic forces. Based on the false premise of abundant labor, it has chained the workers it had to low wage scales because plantation crops have of necessity to be produced with much wastage of labor and, therefore, with low return to that labor. Falling commodity prices, the failure of efforts at monopolies in its products, the competition of abundant labor and more modern methods in Asia and Africa — these have combined to end the era of plantation development in Latin American agriculture. But the great food crops, capable of production on a machine-age scale and with modern machines and methods, offer a definite alternative in the agricultural field.

Beyond this, however, the future of Latin America stretches in two other directions. One is mining, the other is industry.

The earliest activities, outside warfare, into which the Spaniards entered in Latin America were the extraction of

precious minerals. The gold and silver hordes of the Indians were torn from them, by direct military assault, by thievery, by torture and as ransom for their chieftains. Pizarro demanded that a room be filled with gold and silver, as a ransom for the Inca Atahualpa; the bare records indicate that this gift was worth over \$15,000,000. The Spaniards in México inflicted horrible tortures on the Aztec king Cuauhtemoc to obtain the secret of gold stores whose location he quite likely did not know. The list is endless, but probably not half of the gold treasure of the Indians was ever recovered by the Spaniards. There is little doubt, for instance, that in Perú and Ecuador much of the gold that trickles into the markets from the Indians of today comes from priceless gold ornaments of royal graves or forgotten treasure troves which when found today are melted down or filed to dust to simulate recent washings from the streams, because ancient ornaments would be subject to confiscation as national treasures.

There was every indication, to the Spaniards, of unlimited sources of gold and silver and most of their wars and explorations were to find those sources, the mines and streams from which the treasures had come. In these explorations and in the scouring of the country by Spanish adventures who were the early prototype of the prospector, mines of gold and silver were located in virtually every region where mining is known today. Some notable bonanza mines have been opened since their day, but these have almost without exception been found by accident or as a result of deep digging in properties that appeared to be of only minor importance.

Latin America, especially México and Perú, continues to produce gold and silver, but the quantity of gold since the Spanish Conquest has not been a great factor in world fi-

nance and the silver, excepting in México (the second silver-producing country in the world after the United States), is not a vital element. The wonderful silver mines of Bolivia (Upper Perú in the days of the Spaniards) have virtually all of them been worked out or have run into tin; in the great Bolivian tin boom of 1922 to 1928, the most important new prospects for tin were abandoned Spanish mines whence silver had been taken until the tin content of the ore became so heavy that the Spaniards, who had but limited use for tin, were forced to abandon the workings. Gold certainly exists in Bolivia, however, and in unopened regions in Brazil a vast reservoir of mineral wealth has only begun to be tapped. The third precious metal of modern commerce, platinum, was early found in Colombia, and is today mined there with profit. To the Spaniards it was not a precious metal, and it was not sought by prospectors. Indeed amongst the curious tales of ancient days are those of the hanging of counterfeiters (this was always a capital crime in the colonies) who had made "silver" pesos out of platinum.

Most of the metals of industry have been mined in Latin America on a small scale in the past, but their broad development has been in recent years. Copper is found the length of the hemisphere, and is mined in every way known to engineers, from the immense open-cut mining with power shovels at Chuquicamata, Chile (where electrolytic copper is produced at what is said to be one of the lowest net costs in the industry) to the cold heights of the Andes in Perú, where the Cerro de Pasco Company operates one of the most extensive and modern deep mining enterprises in the world. There is iron in México, Chile and Brazil, in profitable deposits, but the lack of good coal has delayed development of local steel industries, although these same

countries all have poor coal and, already or in process of organization, small steel companies. Coal mined in the high Andes of Perú is used by the Cerro de Pasco mines. It may indicate yet other mountain deposits, but as yet only México, Chile and Brazil have commercial coal workings, and none of these of the finest grades.

Petroleum has become one of the great extractive industries of Latin America. First in México, beginning early in the present century, the industry grew until México was second only to the United States in oil production, and furnished immense quantities to the Allied Navies during the war. Legislation restricting further development drove the oil companies out of México after the Constitution of 1917 and Venezeula, in 1929, took second place in world oil production. Colombia has developed notable oil resources, held back from full exploitation by restrictive legislation which was not revised until 1931, after Venezuela had welcomed, and received, most of the North American oil investment which had left México. Perú early developed its petroleum, and Argentina has opened extensive fields which are being jealously guarded as a national resource.

The oil deposits in the eastern sections of Bolivia have been explored sufficiently to prove their existence and richness; they will be a great resource when the exhaustion of fields closer to consumption or to seaboard have been depleted. Much of the asperity in the relations between Bolivia and Paraguay over the boundary of those two countries in the so-called Grand Chaco has undoubtedly been due to anticipations of oil discoveries. Trinidad, the British island off the coast of Venezeula, has been the source of asphalt for generations, and its immense asphalt lake is, of course, a heavy oil "seepage" on a grand scale. There have been traces of oil in other portions of Latin America, and

there is no doubt that petroleum will serve, in years to come, as one of the main local sources of power in Latin American countries. It is safe also to predict that the oil resources will all be carefully guarded and to a large extent used for the development of the economic importance of the country where they lie, not given free to the world on an exploitation basis.

Brazil, which was not developed so intensively by the Portuguese as were the other colonies of Latin America by the Spaniards, remains today one of the mighty mineral storehouses of the world. The lack of complete surveys or exploration leaves such a statement uncorroborated, but the list of minerals now produced on a small scale runs virtually the whole list, from diamonds to iron. The vast Brazilian state of Minas Geraes (whose name translates to the grandiloquent phrase "Mines in General") produces already a number of minerals, and states its claim to almost the entire list. Brazilian manganese, used in immense quantities during the war, when high prices of extraction and transportation could be paid, indicates the situation; costs in undeveloped countries are always a deterrent to the development of properties that would become only marginal producers under normal conditions. It is possible that the Amazon region, as yet unexplored even on the surface, may have both coal and oil.

Perú, like Brazil, is rich in every type of mineral—the Peruvians claim that every kind of metal, almost without exception, has been found there. It is the chief world producer of vanadium, for instance. The Andean region, in general, is safely to be judged one of the world's richest untouched storehouses of mineral wealth. While it is dotted with mines of every sort, from the emeralds and the platinum of Colombia to the coal out under the ocean floor of



Chile, its possibilities are certainly barely known. In the coming quarter of a century, mineral after mineral may become an important item in mining production in South America, as the prices and the need of each make such developments financially feasible.

Nor are the minerals in Latin America's list limited to the metals and oil and coal. The nitrate fields of Chile produce an immense portion of the commerce of that country, furnishing basic mineral salts for the fertilizers of the world, and for its gunpowder. Iodine and borax come, too, from the Chilean desert, the one a by-product, the other an extraction from regions not identified with the nitrate desert. Sulphur is produced in a dozen volcanoes and in deep mines. The list goes on, but this is not the place, nor is there room, to retail the figures. The excellent economic geographies listed in the bibliography fill in, thrillingly, the details of the picture which is broadly painted in here.

The significant part of the mining wealth and development of Latin America, for the sake of our study here, is that it is so distinctly a product of the co-operation of Saxon America. Canadian and United States machinery, capital from these two countries overwhelmingly, and engineers born or able natives trained in the North, have so far been the chief instruments in the mining development of Latin America. Without these aids there would be mining, but it would be the primitive mining of the Spaniards and of the Indians before them, often petering out before the large ore bodies might be found, honeycombing the hills yet wasting all but an infinitesimal part, the richest ores, because only those could be transported to the market-place. Most of that sort of mining was exhausted before the end of the Spanish colonial era, and would have meant nothing

in the economics of the period of independence, excepting for modern, large-scale development. Bonanzas, of course, would continue to be found, and gold washings that individuals could carry out alone, while precious stones would have been unearthed and brought to the centers. But mining, as a contributor to employment, to foreign exchange and trade, and to national revenue, would have been non-existent.

How valuable to the nation is the establishment of an extractive industry like mining, which takes immense riches from the soil and leaves only wages and taxes, and some profit from the supply of foodstuffs, is a question that has agitated Latin American statesmen for three generations. They have classified mining with the plantation system of agriculture in its lack of extensive profits for the individual or for the nation. Labor has certainly been taken from other employment to serve in the mines and oil fields, but so at other times have the workers been taken from the fields and towns for public works, in both cases to the increase of wages and bettered living conditions. Mining has never produced a great percentage of profit for modern government anywhere, excepting through taxes, and the exhaustion of mineral resources as a form of loss of national wealth has been a subject of economic debate for considerably longer than the subject has bothered Latin American political leaders. It seems safe to record that as a means for the production of wealth, and when machinery is used extensively enough to take the chief burden off human labor, mining can properly be counted as one of the important elements in the momentum of the advance of the peoples of Latin America into their role as a part of Greater America and of the modern world.

The development of Latin American mining through the increasing use of modern extractive machinery certainly compares with the romances of business anywhere. Year by year and generation by generation conditions in old mining regions have been improved by the use of new equipment and new methods. Cerro de Pasco, in 1927, set aside \$25,000,000 out of its undivided surplus earnings to be spent on a power plant and for a tunnel deep below the present workings, a superb gesture that is but part of a series of such moves in the history of this great company. In Chile, in our lifetime, the great copper properties have been developed, both in the snowy heights at Sewall and on the ghastly desert at Chuquicamata. The former was a new, clean-cut mining development by the Braden company, in which the most modern machinery, in mine, mill and smelter, was installed at the start and has been kept up to date, as in any great modern mining property anywhere. At Chuquicamata the romance was more startling, for this property was built complete, solely on engineers' surveys. Before the vast open-cut mining system was devised and the magnificent mill and the power plant at the seaboard were designed and built, the only mining there was in a few ancient shafts going below the low grade surface ores and operating on a limited, small-profit scale. Chuquicamata was the dream of an engineer who knew Miami and the Utah Copper Company methods and Andes Copper was organized and set to work to duplicate their conditions and their profit — and did.

The story of Chilean nitrate is another romance of engineering and machinery. The nitrate, which lies in thick broken blocks just below the surface of the sand, has for generations been extracted by digging it out with pick and shovel and dynamite, boiling a solution made from the

*caliche* so obtained, and thus crystallizing out the nitrate and shipping it in bags to the sea. It was immensely profitable, for it was the only large source in the world. With the coming of synthetic nitrogen, as the result of Germany's efforts to produce its own nitrogen bases for gunpowder and fertilizer during the war, and the overproduction even in Chile as a result of war demands, this monopoly faded and the life of the industry was actually threatened. It was saved, not at first by consolidations such as came later, but by the introduction of a new process and with it — what was of chief importance, perhaps — a whole-souled turning to machinery for the reduction of costs. Power shovels were introduced to dig the *caliche*, motor trucks and railways with electric or storage battery engines came to handle it to the plants, themselves equipped with every modern device to speed and economize the treatment, and finally the nitrate was turned into round, glazed, shot-like globules which do not fuse together and therefore can go in bulk shipments even by sea. The nitrate industry of Chile has buttressed itself behind the ramparts of machinery and engineering for the battle of the next few years with the synthetic product of Germany.

Petroleum development has, of course, been made possible on the broad scale of its present development by modern engineering and machinery, pipe lines and tankships. The extractive industries, typified by mining, are building a solid bulwark of wealth and revenue for the future in Latin America, soundly on the achievements of engineering and machines. In this development, an increasing number of Latin American engineers are taking part. Engineering students constitute almost 75 per cent of the Latin Americans in the universities of the United States and Canada, and the local universities of Latin America are giving increasing at-

tention to the demands of students for engineering courses and to the opportunities of a great part in national development for those who so prepare themselves.

In the ten years following the close of the Great war, Latin America absorbed over \$750,000,000 worth of industrial machinery, a classification which does not include automobiles, agricultural implements, locomotives or office and household appliances. The United States supplied more of this classification of machinery to Latin America than it did to any other section of the world, including Europe of course. The annual total virtually doubled from \$35,000,000 in 1923 to \$64,000,000 in 1929. The classification included mining, petroleum, power-generating equipment, pumps, sugar machinery, equipment for factories and shops, and construction machinery.

All this has entered into the permanent "plant" of these countries, and has been used, in part, for the construction of railways, highways, streets and buildings. It has been used, too, not only in the extractive industries, like mining and petroleum developments, but in the creation of factories which add definite values to raw materials before they are exported, or which manufacture finished goods for local consumption or for export.

Throughout the countries there are small industries, such as candle factories, tobacco and match plants, breweries, distilleries and glass works, shoe and textile manufactories, paper and cement mills and, as the local industries have grown in number, hat and electric lamp factories, automotive tire factories and automotive assembly plants. In some of the countries, like Argentina, Chile, Brazil, México and Cuba, other industries are being set up, like enameled-ware factories, steel fabricating plants, here and there a steel

plant, and so on through the slow procession of industrial development which is continuing as these pages are written and will go on expanding for years to come.

All of this definitely means but one thing, the approach of that economic autonomy which has been mentioned so many times as the goal of much thinking and not a little idle dreaming, in Latin American countries. And the growing, with that, of a higher standard of living and higher purchasing power.

The depression of 1931 probably leaves Latin America more advanced and on a sounder economic basis than before it came. This is certainly true in the matter of industrial development and broader opportunities for work and advancement in the social and economic scale for the citizens of these countries. While the world outside stood still or slipped back, Latin America, forced by circumstances to conserve the wealth it had or by poverty or difficult exchange situations unable to buy generously abroad, turned to new, small industries. In the creation of this new outlet for national energy and this new multiplication of the power of human hands through the use of machinery, it certainly has advanced its nations and its peoples. For the machinery and the habits of thought for this type of development come in even in the depression, and increasingly as times ease in the recovery.

It was estimated that, prior to 1930, Argentina imported more than 40 per cent of the products, excepting food, which it consumed. This made for its tremendous foreign trade, because to buy those products an immense quantity of its production had to be exported. This was salubrious, in the view of the old-time exporter, but it was economically unsound, and the development of local industries, with

growing wages and therefore higher purchasing power was, and is, the soundest promise of greatly increased imports. Industrial development, even in competing lines, is not a deterrent to trade; Canada is the largest single customer of the United States.

It has been said many times and in many ways that the Latin American, particularly the tropical Latin American of the lower classes in the social and economic scale, cannot be induced to work for more than he needs to live. The answer to this appearance was given effectively some years ago in the oil fields of Tampico, México. There, during the boom period, labor was scarce and as the demand for hands grew higher and higher wages were paid. The first result was that the workers, earning in a day or two what they had formerly gotten in return for a week's labor, merely cut down their time of work, as had been predicted. The situation did not last, however, for both the company stores and the shops in Tampico and the oil towns stocked quantities of new and desirable merchandise from shoes and felt hats to silk shirts, dresses and phonographs and with the urge to spend came the urge to work to obtain the money for such spending. The question of continuous employment of the labor available moved toward solution and with it, too, came an increase in self-respect, comfort, standards of general living with better food and more and better furnishings, as well as clothing and luxuries.

The increase of prosperity and opportunity to buy has had a powerful role in the development of the new consciousness of Mexican labor, traceable back to that old problem in the Tampico oil fields. The situation is as true in every country in Latin America. Increased purchasing

power has followed increased opportunity to work at the new industries and the markets of the exporters of the United States and Canada, Europe and Asia have grown, rather than lessened, in the process. There may be fewer bolts of cotton cloth exported, because such cloth is being made locally, but there are more specialties sold in dry goods as in other branches of export than the total loss due to local manufacture of other types of goods which were once imported.

Perhaps the most important single item in the unfoldment of the economic forces of Latin America has been the advance in the commercial development of electrical power. In this, Canada and the United States have played a role of increasing importance. British, German and Italian companies financed or furnished the equipment for many of the earlier, smaller plants, but with the entry of the Canadian financial interests into Rio de Janeiro in 1912 the situation has gradually changed and in the last years of the heavy investment period immense sums were put in Latin American public utilities by Canadian and United States companies. These sums have gone, first, to the purchase of existing plants and their franchises and second to the replacement of those old plants by modern equipment, chiefly made in the United States, and by the extension of power lines in intercommunicating systems. These changes have made available economical and dependable power for both industries and farms, especially farms requiring industrial power, as in the coffee state of São Paulo in Brazil.

By the end of 1930, when further investment ceased temporarily, the Canadian and United States companies served approximately 15,000,000 of the people of Latin America with the most modern type of power generation op-



erated by companies which had consistently reduced electric rates and extended facilities. The Canadian interests were in Brazil, México, Bolivia, El Salvador and Venezuela, the United States interests in Brazil, Argentina, Cuba, México, Chile, Colombia, Guatemala, Costa Rica, Panamá, Ecuador, Venezuela, the Dominican Republic and Haiti. Before these companies entered the field, electricity was in many places furnished only at night on a high fixed charge per socket and was but little used in industry. Where they have entered, light rates are now largely on a meter basis at lower figures, power is available continuously and is being used increasingly in industry and in the domestic load of heating, cooking and refrigeration, and the life of the countries and towns affected has been transformed. An immense quantity of electric appliances and radio receiving sets are being shipped, and perhaps the most striking example of the change in the life of the people is the increasing use of all these tools of modern civilization and comfort.

The growth of the use of electrical refrigeration and the advancing perfection of machines for the cooling and conditioning of the air in houses, factories and places of assembly indicates that one result of many from increased use of electricity will be the breaking of the great curse of the Tropics, in giving relief through refrigeration to those who in the past have had to live through unbroken heat without surcease or relief. Years ago, the earliest ice-making machines brought to the Tropics the first assurance of pure and well-preserved food and of relief in cooling drinks. How great their benefit has been no statistics could tell, but refrigeration has made possible the development of vast territories which once were uninhabitable to white men because of evil food more than any other single thing. The

coming of home ice-making and refrigeration units has been another great step, now being adopted everywhere throughout Latin America. Air conditioning and cooling is now moving forward. Its effect both on comfort and on the mental attitude of the peoples whom it will rescue from continuous heat will be reflected in every activity of tropical life and the results will be felt throughout the countries which have contact with those lands. It is one of the great gifts of electricity, and of outstanding importance in the list of the contributions of modern industry. In a quarter of a century it may conceivably have altered completely the life of the Tropics.

Almost all of the mainland countries of Latin America are blessed with beautiful waterfalls, heights where water can be impounded and all the facilities for great hydro-electric developments. To a large extent, it has been in the hydro-electric field that the chief power developments in Latin America have so far been made. There are immense waterfalls still to be harnessed, like Iguazzu Falls at the point where Argentina, Brazil and Paraguay meet, and throughout the countries there are many other mighty cataracts that promise abundant and economical water power. Many of these falls are far away from the markets for their power, and Iguazzu, for instance, mightier than Niagara in the volume of water passed, will not be harnessed for many a long year. It is a thousand miles from Buenos Aires and even further from its other possible markets, so that transmission lines of costly design would have to be built, to mention nothing of the technical difficulties of electrical transmission for such distances. Therefore when the first of the immense new power developments for Buenos Aires was designed by the Spanish company now serving a large

part of the electrical needs in that city, a steam plant operated with pulverized coal was built on the edge of the harbor, and coal imported from England and the United States furnishes the fuel for its operation. In fact, the advance in the efficiency of coal combustion has in recent years held back the development of hydro-electric power wherever the question of transmission enters seriously.

Although the difficulties are many and the growth of their markets slow, the building of electric power plants in Latin America is advancing, like communications, a little ahead of the need. This means much for the countries, and increasing assurance, too, for the future of the securities of the investors. In developed sections like most of those served in Brazil, immense projects are going on for the creation of new sources of power. Engineering works of stupendous size have been under way in the crowded territory around Rio de Janeiro and São Paulo. In the North around Bahia and throughout the interior of the State of São Paulo the building of new plants and new links of power lines have gone on apace. In Chile, where power from the melting snows of the Andes is close at hand, a large steam plant has been laid out and put under construction at Valparaiso, to use Chilean coal as the source of its power. This is a most interesting commentary on the conflict between hydro and steam generation and also an indication of the driving force of the United States company which is pushing both its production and its markets for power there.

Second only to communications, this question of power looms. Petroleum is, as has been noted, found in many sections of Latin America and it is used at home both for the propulsion of vehicles and for the generation of power for industries and for domestic use. Everywhere the

sources and facilities available are being developed and everywhere, equally, the foundations for future industrial expansion and human comfort are being laid thereby. There is no question as to the availability of power, and the ultimate developments of the waterfall resources, of petroleum and, where it exists, of coal, waits only on the need and the foreseeing of the need by the great utilities companies of Saxon America which have already contributed so much to this line of progress.

The actual wealth of Latin America today is subject to a hundred varying estimates, for the tremendous fluctuations in the prices of commodities have inflated and deflated the values of the lands where those commodities are produced a dozen times in the past quarter-century, and will do so many times again in the coming twenty-five years. Moreover, individual income statistics are of little value and limited accuracy. Per capita purchasing power is a trifle more accurate but here, as in all the other gauges that might be used, it is not the past but potentialities of the future that must guide us. It is difficult, in a study such as this, deliberately to avoid the ancient and time-honored statistical yardsticks, but a glance at some of those available will perhaps explain why they must be overlooked. They will be found in much detail in the various reference books listed in the bibliography. For instance:

The estimated per capita purchasing power of some Latin American countries varies (taking the United States at \$100 as a base) as follows: \$30 in Argentina, \$17 in Cuba, \$16 in Uruguay; \$11 in México; \$9 in Panamá; \$9 in Venezuela; \$8 in Brazil (a figure always misleading because Brazil's population is far more than half unproductive and non-purchasing): \$6 in Perú (subject to faults similar to the

Brazilian figures); \$5 in Colombia (certainly too low by comparison); \$4 in Guatemala; \$4 in Haiti.

So we turn again to the realization that, as stated many times before, the future cannot be judged by the past. As yet the sensing of the growth and the signs of thrusts forward here and there, in highways or power development or changing industries, are the truest indicators of the future. All we know is that these lands have been waiting for four centuries, and that the depression of 1930 revealed them as only beginning to touch their possibilities, and as less advanced toward those possibilities than we, or they, had realized. Behind the scenes mighty forces are at work. It has seemed fair and just, for their sake and for our own realization, to seek to evaluate those forces here. The slow awakening of the past century and the pause of the depression period have but given direction for advancement, have but given occasion for the shaking off of old economic fallacies and the girding of these vigorous new countries for the meeting and the solving of the problems of tomorrow. Their economic power has unfolded and is still in the process of unfolding. It represents one of the constructive forces of the world's future. As such it is a symbol of all that we can see and hope for in the development of a Greater America that shall be richer in its contributions to civilization and in its returns from the civilization it serves.

## *Chapter VII*

### MUSCLES, MACHINES AND THE JUNGLE

THE ancient nations of Latin America were all — with the exception of the Inca, where llamas were available — built virtually with the bare hands and muscles of men and women. There were no sources of power, not even beasts of burden, other than the llama, in all the length of the Americas. The Spanish conquest was achieved virtually afoot; Cortés had sixteen horses in his army that conquered México, Pizarro twenty-seven in Perú, and Alvarado's army tramped the jungle from México to Guatemala with only a few horses for the leaders, but none for the service of supply. The opening of the deep interior, the planting of the far missions of the friars and Jesuits in every corner of the colonial world, was done in large part without animals although horses, asses, mules and pack-bullocks gave increasing aid in exploration and development as years and centuries went on. Only today, with the airplane, are men opening wildernesses which until the late twenties of this century could be penetrated only by expeditions in which each man, white, black or brown, had to carry his own food as well as his arms. So on down to our own day did the limitations of human physical strength and endurance bind the development of Latin America with its appalling obstacles.

The cramping force of the dependence on hand labor extends far beyond transportation problems, however, in explaining the formerly slow development of Latin America and especially of tropical Latin America. The labor required in all agriculture before the development of machin-

ery was enormous. In the Tropics, and particularly in the great plantation crops to which its agriculture has been dedicated, this is multiplied many-fold. The classic example is the subtropical crop of coffee, whose yield per acre is more or less comparable to that of wheat but which requires approximately ten times the labor, with hand cultivation, weeding, pruning and finally in the tremendous hand task of the harvest.

Under a theory that Latin America is a region of abundant as well as cheap labor, this demand for redoubled hands would not be a serious question, but Latin America is not, and never has been, a region of abundant labor supplies. Cheap, yes, but not abundant.

Contrary to general opinion — an opinion that has been wrong for about four centuries — there is no great surplus of labor in any part of Latin America. The Spaniards were the first offenders in this assumption, and their reckless abuse of the supposedly illimitable supply of Indian workers quickly decimated their numbers. The Portuguese, in their turn, drove whole tribes of Brazil's Indians into the trackless interior of the Amazon, where the Indian population today is estimated at over 10,000,000, living in a state of virtually complete savagery. African slaves were imported, probably to the number of between two and three millions, to the Spanish and Portuguese colonies. Today in some countries, like Brazil, they form the bulk of the lower classes, pure blood or mixed with the Indians and the Portuguese. The Indians who survived in the Spanish colonies after the bitter centuries of the *repartimientos* and *encomiendas*, under which they were enslaved to the mines and plantations, have spent most of their mental and physical energy in devising ways of escaping, so far as opportunity allowed them, from the necessity of labor at the white man's tasks.

Economic pressure brought many of the Indian and mixed blood populations under the yoke of production in the mines and plantations of today, but the long and authentic history of peonage in many of the countries of Latin America should be indication enough that there is no plethora of labor there. Wage slavery has been the rule at one time or another in every country producing great plantation crops in Latin America for the past two centuries. It persists widely even today, a direct inheritance from the actual slavery of the Spanish and Portuguese era. Time and a changing social attitude on the part of governments and employers have modified the conditions somewhat, but men still work under the shadow of debts deliberately forced upon them in order to obtain their labor, and from which they never escape so long as they live.

This is the situation in most of the countries where there is no floating population of independent workers, and even where these exist the custom of kidnaping workers from the cities and more salubrious climates for work on dank tropical plantations still goes on. México, in the last years of the Díaz regime, was the scene of the best-known of these cases of modern slavery. The sisal plantations of Yucatan were supplied with labor from far-off Sonora, in the persons of Yaqui Indians caught as rebels and condemned for penance to be transported hundreds of miles and to virtual slavery on the hemp farms. In the Valle Nacional, the tobacco district of Vera Cruz, and, more disgracefully, on some of the cultivated rubber plantations owned by stockholders in the United States, *enganchados* (literally "hooked" laborers) were taken in droves, kept in barbed wire barracks and worked mercilessly. The basis of their service was a debt, advanced for a debauch and kept active by purchases at the plantation stores, and not uncommonly this debt was passed



on from father to son. The abolition of this debt system, so far as it has been accomplished, was a worthy achievement of the Mexican revolution of 1911-21.

The debt peonage system persists elsewhere, however, and variations are still effective. In certain Central American coffee plantations labor is held in this way. Under another plan here, whole villages in the hills are bound to serve in the coffee-picking on distant plantations by pledges made in return for the use of farmlands, near the villages, which the plantation owner acquires for the purpose of thus guaranteeing his labor supply.

In many of the countries producing seasonal crops, as in Cuba during the sugar cutting season and in Argentina during the wheat harvest, there has been a steadily increasing movement of labor from Spain and Italy, carried in large ships especially fitted for the traffic and coming and going from the fields of their own and of the American countries where they work. They are facetiously called "swallows," a word coined to describe their seasonal migratory habits. This movement was interrupted during the depression of 1931, but it is an essential factor in the economic life of the two important agricultural countries just mentioned, Cuba with its plantation crop of sugar, and Argentina where this migratory labor is essential in normal periods for the handling of its great modern crops of wheat and linseed and to a growing extent its cotton and sugar in the subtropical sections in the North.

The shortage of labor is thus not confined to the Tropics alone; it is universal in Latin America in prosperous times. In other countries there is some migration of labor, both from Europe and between one another. In the lands which do not have sources of migratory labor, as in the coffee countries generally, the workers vitally necessary for the

picking season are brought from the cities and towns to the plantations. Coffee harvest time is a period not unlike the freedom of the harvest festivals of earlier days in Europe. Not always are living conditions such as to invite all the hilarity, but there is much of the joyous laxity of ancient times.

In the economic unfoldment of Latin America, the scrapping of the old tradition of plentiful labor is thus inevitable. It is a tradition which, as remarked, is as old as the Spanish Conquest, but it has been sustained down to the present by the low wages paid to workmen. But this wage condition has not been due to a plethora of labor or any uncomplicated operation of the old law of supply and demand. It has persisted because the production of raw materials, to which Latin America has been chained so long, could not be carried on except with cheap labor. It was low wages or no work at all! A man working in the cane fields or picking coffee could not possibly produce enough to bring back to him from the distant world markets more than a starvation wage. The very heart of the backwardness of Latin America is here revealed, and with it the promise of future change throughout its economic status by crop diversification and the developing use of machinery both in agriculture and industry.

When sugar fell to so low a price that no wages could be paid for its harvesting, the field laborers of Cuba cut it for nothing, and this cane which theoretically cost nothing to harvest went to the mills to be ground, largely with the power of, its own stalks burning under the boilers. It poured into world markets, further to depress the price of sugar, and the meager return sufficed only to keep the soup kitchens going on the plantations. There was no other

work, so the laborers cut cane, and their pay was a bowl of soup for work that, even with sugar at normal prices, was worth little enough for them and their families to live on.

The wages of Latin America's millions have been determined by the value of their product, not by the scarcity of the hands. It is for this reason that the use of machinery in Latin America has been so astonishingly effective. By all the rules of economics — taking the premise that labor was cheap because it was plentiful — Latin America was not ready for the use of machinery. It was the same condition, the casual observer thought, as in the Orient, where ships were coaled by hand in baskets because the excess of labor made this method cheaper than doing it by machinery. But this was not the case in Latin America. The moment machinery was introduced in any industry, production increased and higher wages could be paid, and were paid. The reason for machines was that there were not enough hands to do the work, and the reason for low wages was that the work, done by hand, competed with the starvation wages of Asia and Africa for similar production, or with machinery elsewhere.

In the field of the production of raw materials, Latin America has indeed in recent years begun to feel keenly the competition of Asia and Africa. The cacao of Africa has already taken the place of South America's production of the chocolate bean in the lower grades, and even lower-grade coffee may well pass to Africa in the future. Rubber has been grown in Asia for years and more recently in Africa, and the tendency toward the transfer of the plantation crops in general from Latin America to these areas of abundant as well as cheap labor is probably inevitable.

The lack of an actual surplus of labor thus enters defi-

nately into the fate that decrees that Latin America shall some day cease to be a great source of plantation produce. Another factor is that the newer plantations in Asia and Africa are being organized on a more soundly modern and thus more profitable basis than the old methods which have prevailed in Latin America through the slow growth of the industries there. A new organization anywhere can institute changes in industries which are wrecked against the inertia of tradition in the lands where they were first established.

The transfer of the rubber industry from Brazil to the East Indies is a case in point. Wild rubber trees dot the forests of the Amazon, but as with all trees in the tropical forests the stands are not uniform and the rubber trees are scattered, from a dozen to a hundred per acre, over immense areas. The rubber latex, or sap, was tapped by wandering Indians or by loosely controlled gangs, often of impressed workers brought from all over Brazil. It was cured by dipping a stick in the white latex, drying it over open, smoky fires, and layer by layer building up roughly circular bales about the size of a bushel basket. This rubber, dirty, filled with sticks and leaves and often enough smoked and burned so as not to be workable, was the world's only source of rubber at the beginning of the era of the automobile.

Plantations were projected and some were laid out, in Brazil and in México as well, but there was neither the labor nor the organization to perfect them to the extent which was finally achieved early in this century in the East Indies and the Malay peninsula. There, with seeds smuggled out of Brazil through a sharp cordon of inspection, immense areas of rubber plantations, with the trees in long rows and carefully tended, were laid out and grew into

production. Modern methods of curing the latex were devised and perfected and plantation rubber from the East Indies is today the dominating grade in the world markets. The Brazilian industry has virtually disappeared. Recent attempts, as of the Ford interests, to create a plantation rubber industry in Brazil have been delayed as much by the lack of the large sources of labor required and by the inertia against the necessary large-scale organization, as by political conditions.

It is interesting to note here that in the early years of the present century México was the scene of an extensive development of rubber plantations, into which many millions of dollars of North American savings were poured. Those plantations failed for three reasons, one the fact that they had been planted to the native Mexican rubber tree, *castillao elástica*, instead of the Brazilian *hevea* which the market demanded, another was the coming of the Mexican revolutions about the time when harvests should have been best, and the third was the lack of labor. Debt peonage, shanghaiing and kidnaping, as noted above, were resorted to in many sections to secure workers, under conditions that could not last, and did not. The wreck of that industry was definite and final. It was typical of all the new plantation industries which have sought establishment in Latin America. Labor was cheap, but it was not plentiful, and both were vital to the success of the rubber plantation venture.

As we can see now, in looking back, this effort to force a new plantation crop on México in a time when labor vitally needed for that crop was conspicuously lacking was an economic falsehood, despite its long and distinguished precedents. A most interesting contrast enters here. At the very time the rubber trees were being planted by the millions in the new Mexican tropical plantations (that is, the

early years of this century) a modernly organized company was establishing another rubber industry, in the northern deserts of México. Here the wild guayule shrub had been found to contain rubber, and in the generation which has followed men have perfected its planting, cultivation, harvesting, grinding and extraction. Everything was done by machinery, from tractors in the fields to the retorts of the chemical plant which finished it. The guayule industry was a joke in the old rubber plantation days, yet because it was founded on modern methods and the use of machinery instead of labor that did not exist, it has survived while the effort to perpetuate the plantation system of rubber trees in México dismally failed.

A correlated effect of the continuing labor shortage in the tropical countries of the Americas has been the lack of development of organized planting and cropping and therefore of sure supplies of products other than their long established staples like sugar, coffee and cacao. Cocoanuts and other tropical sources of vegetable oils are, for instance, not raised generally in Latin America on a production basis and fibres, gums and other products of tropical forests are not available in the quantities and with the assured supply that they are in lands which have surplus laborers to turn to their production, as China can suddenly turn thousands to the production of, say, mah-jong sets or other articles of momentary popularity. There come continuously to importers in the United States samples of raw products used extensively in industry and which the sender of the samples, in Latin America, promises can be furnished in any quantities. The buyer of such products, who must be assured of a continuing supply, almost invariably has found on investigation that the source is from wild trees and when the un-

touched accumulations of years should have been used, only a limited new supply was assured. Plantation development, as of copra and of course rubber, is a vital necessity to the production of most of the crops of the Tropics today. The automobile industry as we know it would be literally impossible if it had only the limited number of the wild trees and the limited labor and industrial organization of the forests of Brazil to depend upon for rubber.

There are but two solutions if Latin America wants to develop the possibilities of tropical raw materials. One is the use of machinery, and the concentration on crops where machinery can be used, and the other is a new labor supply. Of the two, there seems no question as to the ultimate and wisest choice. Machinery offers to Latin America release and prosperity in this as in other fields.

Latin America has, none the less, heretofore preoccupied itself with ideas of finding a cheap labor supply, if not at home then from across the seas. The direction of its agricultural development has apparently been determined by the answer given here, although not without something of a struggle. The importation of, or the mere opening of the doors to, labor from the Orient might conceivably make possible the perpetuation of the plantation system. It might continue the production in these lands of their present raw material crops, and expand their activities in yet other branches of raw agricultural materials production where cheap labor is a necessity. But as a rule the Latin Americans have instinctively resisted going the whole way toward this solution; the plantation system has not been so deeply ingrained in their economic consciousness as that.

In some regions, however, there has been a definite trial of Oriental labor. In the British island of Trinidad there

is a large Hindu population, well established and probably rooted to the soil in the few years of its existence. Some Hindu labor has gone into Guatemala and to Panamá. There are Japanese agriculturists in larger numbers than is realized in northern Brazil and even, in colonies, in the subtropical and temperate regions. There are some 60,000 Chinese and Japanese in Perú and probably as many in México, and it may be difficult to turn back the flow in the future. Where Oriental labor abounds, generally speaking there will be plantation crops and a definite effort to hold back the trend toward more diversified and more scientific agriculture in the future.

In the development of agriculture in Latin America, there has been a trend toward the control of raw materials industries through monopolies or near-monopolies of the products. As the East Indian rubber producers tried, and failed, to control the production and price of rubber, so in Latin America similar monopolies, as in Chilean nitrate, Mexican sisal hemp and Brazilian coffee, have been attempted and have been wrecked in the inexorable operation of economic law. The Chilean nitrate monopoly fell before the competition of synthetic nitrates whose development was forced on Germany during the Great war by the blockade and the vital need of nitrogen for gunpowder and fertilizers. The Mexican sisal monopoly fell before the competition of other hemp-growing regions stimulated by the artificially high sisal prices forced by the Mexicans themselves. The substitution of the combine wheat harvester for the reaper was both an effect and a cause in the sisal situation. In the operation of the latter, sisal hemp was vitally important for binding the sheaves of wheat, a need which has been disappearing with the growing use of the combine. It is prob-



able that the high prices demanded by México from its monopoly had something to do with the hastening of the general adoption of the combine, as Chile's high prices for nitrate had in the case of its competition from synthetic nitrates after the war. Brazil's coffee "corner" was wrecked on the fact that it did not control the output and that its boosting of prices encouraged the growing of more and more of higher grades of coffee than Brazil's own in the "mild" coffee countries of Colombia, Central America and Venezuela. The tin production of Bolivia, by contrast, flourished on the monopoly prices instituted by the tin producers of the Straits Settlements, although Bolivia's industry fell, with that of the East, when the balloon burst.

It is estimated that there are between twenty and thirty great commodities in which monopolies might be attempted, but the bitter experience of the recent past can perhaps be counted upon to discourage the effort or, perhaps better said, will bring more rapid retribution. It hardly seems likely that the monopolies that were responsible in large part for the development of some, at least, of the raw materials crops of Latin American agricultural enterprise will work to encourage the extension of those crops, or of others like them. The sugar control plan which began operation in 1931 had as one of its major tenets the restriction of new planting, and of foreign marketings as well, and the surplus stocks of sugar were held as a threat of local dumping against any of the countries that might violate the agreement. This will apparently be the trend in any future efforts to maintain prices in world commodities. Nothing in the horizon as this is written indicates any encouragement for a renewed development of plantation crops in Latin America.

Diversification of crops is becoming the tendency, defin-

itely, in the agricultural economy of Latin America. In Cuba, the large sugar plantations needed every available worker for the big crop in the days of high-priced sugar. It was cheaper, or seemed cheaper, to import foods from abroad, even from the United States, than to raise them locally. More than that, the transportation facilities of the island were taxed to their capacity in handling cane and sugar, and food raised at one end of the island could not be carried to the other. Even Havana, a large city, and therefore an excellent market for produce, could not get even the native fruits like pineapples from Cuban provinces during rush times on the railways; Hawaiian canned pineapples were served on Cuban tables. Eggs and flour, canned goods and patent foods of every sort were imported, until the fall in Cuban sugar prices became a dominating factor and the people, encouraged by the government and with heavy new duties, took up the raising of their own foods. The change covered the whole island and perhaps saved, as much as so individual a movement could, the economic existence of the people and prepared them for a sounder prosperity.

A similar movement spread through all of the countries during the 1931 depression. México, which since the revolution of 1911 had been importing increasing quantities of foodstuffs, began to raise more foods, and more kinds of foods. This was in part due to the dying down of the agrarian agitation, during the height of which the confiscation of producing farms to be turned into communal lands for the settlement of revolutionary promises made it perilous to raise more food than was actually consumed by the farmer himself. It was due, also, to an increasing grasp of the necessity of home production. The opening of new highways into the interior of the country, thus bringing into contact with the cities new regions of food production, also

had an important effect by making possible the transport to market of crops which formerly had to be consumed at home or wasted.

These are but examples, but everywhere the tendency has been marked. It is of interest here because it indicates a new type of thinking regarding agriculture, a turn away from the "cash crop" to the food crop. It means, as everywhere in the world, a greater conservation of wealth and a greater opportunity to build the individual and the nation into sound and balanced economic units.

This leads, however, to the most significant phase of the future possibilities of Latin American agriculture. In the past, as we have seen, and carrying on into the present the agriculture of Latin America has been harnessed to the production of world commodities with which to pay for increasing imports. This has resulted in the creation of a plantation economy, marked by peonage, low wages and a stagnation of development in the living standards of the people. It has been suggested in these pages that the end of these plantation crops has come in Latin America and that a new era is dawning.

That new era is apparently going to take very definite directions and certainly it does not eliminate the cash crop, nor the possibility of an increasingly important income from agricultural products abroad. But it does mean the bringing of the Latin American into the machine age of production in agriculture and definitely into the production, on a large scale, of the great food staples of the world. In this Argentina, a temperate zone country, has led the way and with its wheat, maize and oats and with its growing meat packing industry, has taken a lead which will be followed by others and which will grow in importance and not decrease.

The reason for this is that the older nations, including the United States and to a lesser extent Canada, are becoming industrialized so rapidly that first in meat and wool and later on in the cereals, it will have to turn more and more to Latin America for its supplies. The overstock of foodstuffs of the depression years was not symptomatic, for its net result was to arouse the threat that hovers over all high-cost countries, of a continuation of lower prices and unproductive cropping in the future. The indication is of the same procession of events as happened in Europe when the United States in the second half of the last century began to pour cheap farm produce like wheat and maize, pork products and other staple produce into the older countries. Europe could not produce as cheaply as it could buy these foods, and so turned its energies to the manufacturing of goods to be exchanged both with the United States and in distant lands for these foodstuffs or for the money with which to buy them.

In the case of the United States in those critical years—so like those which Latin America faces now—agriculture, and above all the agriculture of food production, furnished an immense wealth to send abroad to pay debts and for the purchase of foreign goods. Wheat exports more than trebled even during the Civil War in the United States, and had increased twelve times by the end of the next forty years. The influence of that flow of agricultural produce on the economy of Europe, and on the foreign trade expansion of the world then and ever since, has been compared justly to the importance of the flow of gold and silver to Europe from the Spanish Americas during the three centuries of colonial rule.

The role of supplier of the food of the world is definitely passing from the United States. In cereals it is Canada and

Argentina which are now on the upswing, but there are vast future food-producing areas in Latin America even outside Argentina. That country is already the one great wheat region of Latin America, although as yet a comparatively restricted producer in a world sense, that is, from the viewpoint of the world's consumption of and need for wheat. In the twenty-five years of the future with which this book concerns itself, that transformation of Latin America into the producer of the world's foods will be well on its way. What will be produced time only can tell, but tendencies are everywhere evident. First of all, perhaps, will be meats. The introduction of the quick-freezing process which makes frozen meat as palatable as chilled meat has definitely presaged the coming, first of Argentine and Uruguayan meat to the market of the United States, and later of beef from the warmer countries. There, in the vast fields where flourish rich grasses that cannot be raised in regions where there are hard winters, cattle are being fattened economically and well today and will be shipped in the future, when the need becomes definite in Europe, in the United States and in Canada. It was a wise economist who, speaking for Latin America in the midst of the tariff agitation of 1929, declared that with or without tariffs or embargoes the countries of Latin America looked confidently to the opening, in ten years, of a vast demand for meats and meat products from their countries by those of the North.

The lack of development of the food crops in the Tropics has been due to two definite factors. One is the climate itself, with its alternating dry and rainy seasons and the luxuriance of the jungle growth that takes back, each wet season, the gains of the dry. The other is the problem of soils. Maize is the one cereal crop that grows successfully throughout

the Tropics without skilled cultivation. Wheat is produced in the uplands, and under somewhat difficult conditions. Other grains have their vogue with the growers in different countries, but there has been almost no real study, excepting on the island of Porto Rico, a possession of the United States, of the agricultural possibilities of the Tropics. The studies there are still continuing, but they indicate above all that technical and engineering study, and the adoption of the knowledge gained, are the means that will solve the problems of tropical agriculture in the Americas. There seem to be no inherent reasons for expecting anything less than great achievements.

The climate of the countries of Latin America is primarily blamed for the fact that food crops fail and that weeds flourish under present types of agriculture in the humid hot country. The disgruntled amateur farmer whose experiments with a vegetable garden in the Tropics inspired him to remark in the end that "nothing grew but the fence-posts" blamed his difficulties on insects, soil, rain and theft. His experience is not, however, solely tropical; there was the humorous Kansas father who accounted for the failure of his fruit trees to yield enough even for home canning to "the three B's—the Bugs, the Birds and the Boys."

None the less, however, the climate of tropical Latin America has had much to do both with its emphasis on plantation crops adapted to its soil and climate (if not to its labor supply) and with its delayed evolution into diversified agriculture. Although it is to be remembered that modern agricultural science, modern agricultural machinery and irrigation and drainage engineering with effective equipment have already found many of the answers to its difficulties and are on the trail of others.

In addition to the various geological phases of the environment of the Latin American countries, which have been noted earlier in this chapter, there are distinct climatic zones which, although more extensively discussed in the excellent economic geographies listed in the bibliography, may well be repeated briefly here. In all the countries, from México southward and until the south temperate zone is entered in Chile, Uruguay and Argentina, the area is divided, in common parlance, into three zones.

First is the *tierra caliente* or hot country, lying along the seacoast and up the side of the mountains to about 2,500 feet altitude, where the climate is hot to torrid (the mean is 76 to 90 degrees Fahrenheit) and the seasons are the rainy and the dry. While there is a distinct variation both in the time of year and the length of the rainy season in the various tropical countries, it generally is well under way by May and continues to October or November.

The *tierra templada* or temperate zone lies, in the tropics, at between 2,500 and 6,500 feet altitude, where the mean temperatures range from 65 to 75 degrees Fahrenheit. Here the seasons are still dominated by the unvarying pendulum of the rainy and dry periods of the hot country, although the nights are cooler than the days. In fact, the chief difficulty of the climates here and still more in the cold zone, is that there is more variation between night and day than between the coldest and warmest seasons of the year. In this zone are the fertile eastern slopes of the great mountain ranges, and many of the wide savannahs of the higher hills where crops of the north temperate zone grow well.

The *tierra fria* or cold zone is that lying above 6,500 feet altitude; the mean temperature here is from 50 to 65 degrees Fahrenheit in the inhabited regions. The City of México, the City of Guatemala, Bogotá, Quito and La Paz,

amongst the capitals, are in this region. Here, still, the seasons are the rainy and the dry, but the influence of the sun's annual voyage to the north and to the south is felt in the climate of the altitudes more than in the lowlands and on the slopes, and the rainy season more nearly approaches the climatic winter.

There are of course other factors than these conventional zones which influence the climate and the agriculture indeed of Latin America. There are, for example, certain important desert zones, like those in northern México corresponding to the deserts of Western United States, and the desert Pacific coast of South America below Ecuador.

But, as suggested, studies of all the conditions of tropical agriculture are continuing and amongst other things they are discovering that, in the coming readjustments and advances in tropical agriculture, it is not alone the seasons and the rains that cause the difficulties, but the soils as well.

Basically, the tropical soils are rich in humus, but deficient in mineral salts, those ingredients in the soil of the temperate zones which have made them the granaries of the world. But mineral salts are replaceable by fertilizers, and by the same means there can undoubtedly come an elimination of some at least of the tropical luxuriance of weeds which naturally grow strongly in the soils to which they have been inured for centuries. The problem has not yet been solved, but it is in process of deep study and the end is sure, for science and engineering are, indeed, always the friends of these lands.

Irrigation, the product of engineering, is the solution of the problem of rainy seasons and dry. Years ago it was determined in the sugar fields of Hawaii, and of Perú as well, that under very different conditions irrigated sugar fields



are more economical and better producers than the lowlands on which sugar cane is traditionally grown. Modern irrigation, allowing the flooding of fields of sugar and rice, or what you will, and then the drainage of those fields for the ripening and then drying for the harvest, is certainly one solution, at any rate, of the consuming costs of handling cane and grain in soggy fields.

The development of irrigation is one of the great romances of Latin American agriculture. Based primarily on the need for water from the streams during the dry seasons or (as in Perú) to give any moisture at all to desert fields, the knowledge of the uses of water for farming on dry land has for thousands of years been almost instinctive in the Indian farmers, from México to Patagonia. Where water could be gotten from flowing streams or where, as primitive engineering advanced, it could be brought from afar, there was prosperity and plenty. The terror of the system of *milpa* farming which depended on burning the standing stalks and weeds to get a clearing was the sod which in a few seasons grew hard and firm and in the end killed the seeds as they were planted. That terror, even, disappeared before irrigation, and the crude tools of stone that could not break the sod still served the primitive farmer well in his irrigated fields. So, down to modern times, wherever engineering has been able to impound water in arid regions or where the seasons are sharply defined and the dry period long, in those places has come prosperity through bountiful, sure crops. As a corollary has come, more recently, cheap hydro-electric power from the same irrigation dams, to aid in the farming and even to pump water from beneath the surface of lands too far distant to be served by the irrigation ditches of the dam itself. Irrigation has transformed flat regions, eminently adapted to the use of machinery, from deserts into

gardens — and the process is hardly begun. Irrigation — and fertilization — are the answer to most of the questions that are presented as the unanswerables in regard to tropical and desert agriculture.

Immense regions still await the solution which other branches of science and engineering and machinery can provide for them. The Amazon valley, occupying nearly half the area of South America, is yet to be harnessed. Its first use will unquestionably be its forests, now almost completely neglected and yet capable of producing an immense amount of timber for untold centuries to come. Under sound forestry laws and methods, which have been evolved at such tragic cost to the wasted timber resources of the United States and now of Canada, the forests of tropical Latin America may well last in perpetuity. The definite principles of the application of modern forestry to the conglomerate forests of the Tropics were laid deep in the studies made in the Philippines in the earliest years of the United States occupation there, and are being advanced by further experiments today. The forests of the Amazon can well furnish timber and pulp and paper to the world in centuries to come. But beyond these resources, the future of the Amazon waits on stupendous engineering developments. The Amazon and its hundred mighty tributaries, and likewise the upper reaches of the corresponding river system to the south, that of the Paraná and the Paraguay (the River Plate basin), are so flat that drainage is slow and difficult. They present engineering problems and reclamation costs which may not be solved for generations. That they can be solved when the need arises need not be questioned, but there are the immeasurable areas on the very slopes of the Andes that drain into the great basin

which are to be developed first, and will be before the need comes for the basin itself.

The contribution of the two Saxon areas of Greater America to the solution of the agricultural problems of Latin America are very definite. Canada, and the Northwest of the United States, form the laboratory of the temperate region, and the once desert wastes of western United States, the laboratory of the Tropics. Irrigation as we have seen has been proven beyond question to be of immense importance in the development of all hot regions, and in the triumphs of dry farming in certain semi-arid sections, the future trend of the lesser crops may be foreseen. The tropical studies of the experts of the United States government bureaus have been designed primarily for the benefit of the farms of the United States, and much good has been done in their application, but beyond that has been the contribution to the solutions of the problems of the Latin American countries, from Tropics to south temperate zone. Their investigations have given material for broad education and, translated into Spanish and Portuguese by the governments of the various countries themselves, have begun the changes to self-supporting agriculture which are the backbone of any movement toward "economic self-sufficiency." Translated into terms of world development and world trade, this means a higher standard of living and greater buying power.

Most of all, however, in the list of exchanges of support in agricultural advance between the nations of America, has been the gift of machinery. In the somewhat circumscribed field of agriculture, this contribution has been tremendous. The combine harvester, mentioned above, was evolved in the United States but its first great use was in the

wheat fields of Argentina where its labor saving elements were of prime importance, and where the immense level areas which make up the wheat growing region of Argentina furnished the ideal field for the use of the best and most advanced of farming machinery.

The tractor, as applied to agriculture, — not to mention its other uses — has revolutionized farming in the temperate and sub-tropical regions and certainly in the Tropics. No list of the contributions of North American manufacturing to the uplift of Latin America is complete without a figurative wreath of laurel on the machine which can go where no vehicle but an oxcart could ever go before and, indeed, with crawler tractors, into swamps and over mountains where no ox could pull a load.

In the opening of the new lands, in the Tropics or in the temperate zone or on the heights, North American earth-moving machinery has made possible developments which without its help would literally be waiting still for a miracle. Through swamps and over trackless wastes, the power shovel and the bulldozer and the scraper and grader have not only built roads, but the very fields themselves.

The list is endless, and not least are North American plows, of all the varied types which long experience has evolved here. A disc plow drawn by a pair of oxen, or a handmade wooden plow drawn by a gasoline tractor — these pictures you can see in almost any day's ride in Latin America today. They mark the growth, the reaching, for the perfection of a mechanized age in agriculture. They point the way to the complete emancipation of the farmer from his backbreaking toil of centuries. As yet little definitely designed machinery has been evolved to meet peculiar conditions in Latin America, but that is on the way even for the savannahs of the high Andes, limited in extent and thus

subject only to the work of human muscle — or of specially designed machinery.

The gifts of the machine age to Latin American agriculture are on their way today. For a generation they have been going in in increasing measure and during recent years they have been supplemented, too, by all the panoply of the machinery of farm and shop and mill fed by electricity from plants designed and built, large or small, in the countries to the north. Flour mills and packing plants, establishments for the extracting of the essence of farm produce to be sent to the factories of the world in concentrated form, canning plants for the preservation of fruits and vegetables, grading and sorting and oiling and packing-plants for fruits — these are rare today, but they are as certain for the future of Latin America as is the rising of another sun.

As the years go on we shall see, too, a closer grading and more careful picking over of the raw materials sent out to world markets. Wool will be selected and baled more carefully in its marketable classifications, cacao beans picked over, or selected by machinery, so as to command the highest prices in world markets; coffee, too, and indeed every product of every country. The co-operative brands which have placed certain types of oranges, melons and canned goods of the United States in a position to command, everywhere, full value of their marked grades without the examination of appraisers, will find their parallels in Latin America. In those countries, today and for generations past, it has seemed to simple minds best to mix good and bad in the hope of getting a price higher than the average, or at least better than would come if the culls were thrown away. This has put a tremendous tax on their product and deprived them of many of the markets which have waited for them. The lesson has been learned already in many

fields and it is one of the signs of an assured future in all production and trade there.

At the risk of repeating, it is impossible not to close this chapter on the note of the conquering of the jungle itself by the machines. Today, in tropical swamps, power shovels and draglines and crawler tractors blaze the trail of the modern pioneer. Bridges and drainage and irrigation ditches are their meat, and in a day they devour mud and muck and stagnant water in proportions that meant months of slow and killing effort of armies of men with shovels and baskets, only a few short years ago. No longer does a tropical railway mean that a human life must be paid for every tie laid down, as was the estimate in the original building of the Panama Railroad. No longer does spoiling food and the unending dank heat of the tropical forest hang as a continuous menace over the white men, and over the black and brown men, who blaze the trails of civilization. Even the Indians of Guatemala, who refused for years to work in the lowlands because legend coming down from distant ages told of the death that lay in wait there, these Indians are now coming, gingerly, down to the work and the comforts of banana plantations in the very places from which plague or famine once sent their ancestors scurrying to the hills. New vistas of life and comfort open, and the simple life of the past is revealed, by contrast, in all its crass discomfort and peril to human health and welfare.

All these factors are firm realities, the facts of the new world in which the men of the Tropics and of the south temperate zone live, with ourselves. Nowhere in the whole world are those facts, of the beneficence of modern progress, more laden with promise.

*Chapter VIII*

## FOREIGN GOLD AND LOCAL BUSINESS

THE UNITED STATES has invested about \$6,000,000,000 in Latin America, about four-fifths of it since the close of the Great War. Great Britain has invested an almost equal sum, rather more than four-fifths of it prior to 1914. The United States investment has been primarily in the period of development, the earlier British belongs to the era of concessions and exploitation. The British loans to governments were most of them at high rates, in a period of ignorance and uncertainty of security, and the British private investments were most of them staked down with concessions and monopolies, as in railways and port works.

The investments in Latin America from the United States and from Canada have been roughly divided, half and half, between government securities and private enterprises. All of them were, however, considered as sound business risks, and neither as politics nor charity. The earlier investments from the United States (prior to 1923) went into mining ventures and plantation and fruit companies in which the returns were high and which yet on the basis of stock market valuations quickly found a level approximately equal to the rate that would have been expected from similar ventures in the United States itself. As a general rule the United States investor, particularly in the bond-selling boom between 1923 and 1929, has given those securities the benefit of the highest rating in their class, a generosity which the disastrous drops in many of them in 1931 did not seem to justify.

Slowly, and despite many difficulties, however, the eco-

conomic structure of Latin American finance has been built up. Not all the bricks that went into it were sound, but as time has gone on, those have been replaced. In the 1923-29 orgy of investment in Latin American securities here, many of the identical scenes and problems that had paced the boards in London half a century before were re-enacted, almost letter by letter; only the better organization of the investment market of the world prevented a repetition of the scandals that accompanied many of the British flotations. The result was in part to be foreseen, even at the height of the recent boom, but only in part. As a matter of fact, with the exception of perhaps only Bolivia, none of the borrowings in the boom period were unjustified by the incomes of those years, and most of the countries, despite defaults and postponements, are basically sound and their securities will regain and retain a definite and increasing value. As this is written, these words alone can be said in encouragement for the investors in \$3,500,000,000 of government loans. The whole purpose of this book is, however, to show how deep-rooted are the fountains of strength in Latin America, in its relations to the Greater America of which it is destined to become so integral a part in the future. On those foundations confidence can be built with security,

The fundamental basis of investment in Latin America was laid down in 1927 at the Third Pan-American Commercial Conference in Washington by Herbert Hoover, then Secretary of Commerce of the United States. He repeated these words at the Fourth Conference in 1931. In 1927, this analysis was accompanied by the promise that future loans to Latin America from the United States should be upon that basis. The investment orgy that followed a



few years later did not respect this dictum, but it remains the soundest basis, and the most friendly, for all future lending:

No nation, as a government, should borrow, and no government lend, and nations should discourage their citizens from borrowing and lending, unless this money is to be devoted to productive enterprise. Out of the wealth and higher standards of living created from enterprise itself must come the ability to repay the capital, together with the net gain to the borrowing country. Any other course of action creates obligations impossible of repayment except by a direct subtraction from the standard of living of the borrowing country and the impoverishment of her people. In fact, if this principle could be accepted between the nations of the world, that is, if nations would do away with the lending of money for the balancing of budgets, for purposes of military equipment or war purposes, or even that type of public works which do not bring some direct or indirect productive return, a great number of blessings would follow to the entire world. There could be no question as to ability to repay. With this increasing security, capital would become steadily cheaper, the dangers to national and individual independence in attempts of the lender to collect his defaulted debts would be avoided, there would be definite increase in the standard of living and comfort and prosperity of the borrower, There could be no greater step taken in the prevention of war itself.

Here, then, is the basic principle of sound finance and in its tenets, albeit they have not been followed with great accuracy in the recent past, are both the security of the lender and the prosperity of the borrower. Looking into a future of Latin American financing — for financing they will have, in the development that lies inevitably before them — it is safe to say that new and very definite standards will be set, both by borrowers and lenders, and that these standards will be carefully scrutinized and supervised.

In the past there has been a certain sort of supervision, whose actual functions have, however, been somewhat misunderstood. This has been the study by the United States

Department of State of foreign loans, but this has not been with any view to determining their value as investments or even as commitments for the governments concerned. It has been, on the contrary, for the sole purpose of determining whether these loans, either in the form in which they are drawn up, in their terms of payment or collection, or in the identity of the borrowing country, might possibly become, in the future, the source of any international difficulty in which the United States government might possibly be involved. It was the sort of scrutiny that the foreign office of a government might be expected to make, and nothing else. It did not remotely approach the sort of scrutiny and supervision that will be necessary, from some such body as an unhampered and unofficial association of bondholders, before the government bond market in the United States recovers from its shocks of 1931.

Indeed, it is not likely that further investments in Latin America will for a long time be in government loans as such, that is loans issued on the sole credit of a government and for purposes of balancing budgets or armaments, or any unspecified ends. The advice of President Hoover will be fairly sure of belated acceptance, in the next few years. There is, however, the typical productive loan, to governments, which he discussed. This would be for public works which, like well-planned highways, promise an early and continuous return in taxes on automobiles and gasoline, or which like irrigation dams, port works, schools and certain other public buildings and sanitation plants, add to wealth and progress. They should continue and increase. It may be that, in the first revival of foreign lending, loans will be carefully earmarked for such service and supervised by foreign engineers; this would be a not unnatural reaction from the mistakes of the past.

The great bulk of the new loans of the future will probably, however, be to industries, through investment trusts, through great development corporations, or direct. The industrial financing of the past in Latin America has been through companies controlled in the country from which the money came. These will continue, but in addition to them will certainly enter, in the future, investments in the industries of Latin America itself, much as industries in the United States have for a century received the investments of stockholders abroad, and returned sound profits thereon.

Such at least is the ideal. Investments in Latin America will continue, for two very definite reasons. One is that, with lowering money rates and lowering returns on investments in the United States and Europe, the foreign bond or the share in foreign business must have its place in every portfolio of investments, to raise its average return. Also with greater security and wider knowledge than in the past, the doubts of the depression period will be effectually and safely removed, beginning, of course, in specific and well-understood cases. The second reason is the reason for this book, the realization that Latin America is definitely the field where our money as well as our energies and our machines must serve in the building of an incubator of new wealth and new markets for the saving and the upbuilding of civilization.

The financial history of Latin America, in relation to the outside world, goes back only to 1822, when Greater Colombia and Chile floated government loans in London. The Colombian loan is typical of what happened then, and for many long years thereafter. The risk was great, for the governments were new and repudiation was the expected rule in case of counter-revolution. The Colombian loan of

1822 was for £2,000,000, issued at 84 and drawing 6 per cent, but with commissions and the deduction of two years' interest in advance, Colombia received only about £1,500,000. In the subsequent splitting up of Greater Colombia into Venezuela, Colombia and Ecuador, this debt was parcelled out and was lost in the maze of defaults, refundings and arrangements. In the list of the subsequent debts of Colombia is one, for £200,000, secured by the total revenues of the lucrative salt monopoly, on which interest of 15 per cent per year was promised, and paid. The history of the Colombian loans is typical, and yet in the end the losses to the investors were not heavy, and since 1922, when the first Blair loan was floated in New York, the record has been excellent.

The matter of importance is not, certainly, the difficulties of the past, but the fact that these countries have risen above them. But for the fall in commodity prices and an uncertainly founded national economic system, there would be today no worry in any informed quarter as to the soundness of the bulk of Latin American government investments. And perhaps most interesting of all is that the financial record of Chile, whose first bond issue was made in 1822 at about the same time as Colombia's was so good that not one page of the Annual Report of the Council of the Corporation of Foreign Bondholders of London is devoted to it, until 1932! This report is the factual record of all defaulted and repudiated government obligations, and is indispensable to the understanding of the complicated financial history of Latin America. Absence from its pages is the hall mark of probity and honor.

The most notorious of all the Latin American bond flotations of the early period was the series of issues brought out in London and Paris between 1867 and 1870, for the con-

struction of an interoceanic railway in Honduras. The first was for £1,000,000, issued at 80 and bearing 10 per cent. The second, issued in Paris, was for £2,490,108 at 75, bearing  $6\frac{2}{3}$  per cent interest and repayable in seventeen years. The third, for £2,500,000, was issued ostensibly at 80 and bearing 10 per cent interest and 3 per cent sinking fund. From these loans, Honduras received sixty miles of railway and £2,000 in cash. All of the rest was used up in commissions to Honduran agents and English and French brokers. The loan was defaulted until 1926 when the interest, then amounting to some £25,000,000, and all of the £5,398,570 principal excepting £1,200,000 was dropped, the £1,200,000 debt was accepted by Honduras and payment arranged out of a special stamp tax on customs invoices, over a period of sixty years. No one knows how much the British buyers paid for these bonds, but the last issue was certainly hocked about London at about 20, instead of the alleged 80 selling price. The whole affair was the subject of a lengthy and rather unlovely parliamentary investigation.

The first era of Latin American financing ended in a burst of such scandals, through all of which the Latin American countries were given to feel that they were both pariahs and victims of the sharpest sort of dealings in the money markets of the world. Their bitterness, brought to memory clearly enough in the years in which they have paid on debts out of which their countries got little or nothing, has had much to do with the poor credit risks that they have become with the passing generations. Many Latin American governments of those days were party, too, to the saddling of the countries with these debts, apparently feeling, with logic, that their time was short and others would have to pay.

There was little or no industrial development, even in the plantation crops and mining, through the first period, which economists agree to end with 1880, with the beginning of the era of railway construction and investments in mines and plantations. In the first period, closing in 1880, mining was primitive and undeveloped. Perú was the only great exporter, of guano for fertilizers. Brazil had begun the production of coffee about 1850, but was not yet an important exporter.

The period from 1880 to 1914 was the era of the chief British investments in Latin America. Primarily this was in railways, but secondarily their money went into port works, in which the French were also interested, both obtaining ruinous and long term concessions in return for what was done. The third type of British investment was in industrial enterprises, chiefly in the extractive industries. Early United States investments, in mines chiefly, went in in this period. The confused history of Mexican financing, first in the railways that were built in this period, begins here and ends with the revolution of 1911 and the ill-fated Madero loan which was repudiated by Carranza and led in part to the later difficulties with all the debts, the confiscation of the railways and the long difficulties of resumption of payments on the bonds of both. It is difficult to realize, now, that México under Díaz had a world credit standing high enough to obtain a refunding of its total national debt on a 4 per cent basis.

The present era of Latin American financing begins with the close of the Great War, although even earlier there had begun the application of modern methods and soundly financed enterprises to the extractive industries, mining, oil,

bananas and sugar. Immense capital went into these from the United States, in companies owned and controlled here. In this period (although it began in México in 1906) belongs the heavy investments from Canada and the United States in electric power developments. To this era belong also the investments in government bonds between 1923 and 1929, for it was in these years that \$3,500,000,000 of the \$6,000,000,000 of United States investments in Latin America went in. By 1930, after which investments dried up in the great depression, United States investments in Latin America had increased 339 per cent over the figure in 1913, and 11,312 per cent over that of 1880.

It has been pointed out by authorities who defend the loan policy of the United States investment bankers in the twenties of this century that United States trade with Latin America has increased in almost exact proportion to the increase in lendings to Latin America in that period. This has meant, in part at any rate, that the proceeds of those loans have brought an increasing economic advance in the countries which have received deserved credits. The most caustic critic of the financial policy of the boom years will admit that the social advance and the improvement of living conditions and industrial activity in Latin America are little short of startling, for no region of the world has marked such an advance in the last fifteen years as have the countries and the peoples of Latin America. It is not the least of the achievement of perhaps even the orgy of government spending that followed some of the loans to Latin America, that increased work and the higher wages resulting virtually broke forever the system of peonage that gripped the laboring classes of many of the countries.

This displacement of labor, changing its habits and its standards of wage values, has caused difficulties and some

losses to local and to foreign companies operating in those countries, food and local commodity prices have risen, and a whole train of economic difficulties is traced easily to the excesses of foreign loans. Colombia's losses of labor from the coffee fields to the public works authorized and commenced under the new loans of 1923 to 1929 unquestionably caused a slowing up, if only temporarily, in the chief industry of the country. This was a direct result of the lack of abundant labor noted in a preceding chapter, although certainly that is no extenuation of a situation that allowed the borrowing of money for so many public works at once that their execution took workers who were needed in industry to produce the revenue to pay the very service on the bonds. But nevertheless in the train of these evils came also a rising standard of living, greater demands for the good things of life, a broadening civilization. Education has been extended, in part at least, as a result of foreign loans. And no step in educational advance can be backward in Latin America.

This is poor comfort however, to investors whose savings or surplus may be tied up in Latin American bonds. The defaults and postponements have not, however, been repudiations, and indeed repudiations are not the rule in Latin American finance. The Honduran railway loans in London offered reason enough for repudiation, if that were the habit or if international conditions made it possible, but in the end perhaps all that was ever paid for the bonds, certainly more than that ever reached the shores of Honduras, is being repaid. Had the terms been less onerous and the treatment fairer from the beginning, the recent settlement could probably have been obtained a generation ago. The present bonds of Latin American countries, with certain exceptions,



will probably be paid out, although perhaps with reduced interest and over longer periods. The readjustment of values and of the return on capital is an automatic one, however, and the countries with better credit stand out in a sharp contrast that carries its own lessons as to the value of money and of risks.

The bond issues of the past decade have been generous ones, perhaps too generous, but the agreed principal was all transferred to the borrowing governments and by them used, or wasted. The commissions were sometimes large, and there was often a fairly wide "spread" between the price paid by the ultimate buyer and the price received by the governments, but it was always a matter of strict arrangement and agreement. There was nothing at all comparable to the unfairness and criminal cheating of Latin American governments, by their own people and by the bond houses, which marked the British loans of the first era of Latin American investment.

There is no question, however, that the making of the loans of the recent boom period of investment was more on the basis of what could be sold to the avid public of the United States than of what should properly be taken by the Latin American governments. The sudden stoppage of all loans was more unfair and far more destructive to all values than the forcing of money that was not yet needed for the national development on countries which felt, not unnaturally, that they should take these loans while the taking was good.

The Latin American attitude at the close of the investment orgy, and even after its reaction had tightened their belts in private as well as public business, was less caustic than might have seemed justified. A not unexpected result

was a demand for the reduction of interest rates and the extension of the period of amortization, or the suspension, temporarily, of payments on the principal. The admitted credit risk had originally necessitated higher interest rates than, for instance, on the government bonds of the United States or Great Britain. Yet the countries which, while others were adopting moratoriums, continued to pay interest and sinking fund even with great hardship, felt that because of that firm attitude they were entitled to interest rates equal to those of the strongest countries in the world. But they asked it on the ground that unless this concession were made, they would have to suspend payments temporarily — and that is not the ground on which such credit terms are extended. Many difficulties came to the surface in those hectic days, perhaps the one that made the deepest impression on the man on the sidelines being the problem of the relatively short terms for which the loans of Latin American governments run. It seems just, at least in the present stage of their development, that periods up to fifty and in some cases to a hundred years might be considered as the proper period for the amortization of their productive government loans.

It is certainly far from an idle dream that foreign investments from the United States in the future will have a direction and a continuity which they have lacked in the past. Not least of the causes of the collapse of Latin American securities which set in in 1930 was the fact that many of the projects for which money had been lent in the preceding few years were unfinished, and as yet unproductive, and when the sudden closing off of the flow of money came, these projects could not be completed and brought to a paying basis. The blowing hot and cold in foreign investments and particularly in those to Latin America is essentially destruc-

tive both to the borrower and to the security of the lender. A more mature and ordered viewpoint of foreign investments is an inevitable outcome of the factors which are building up a wiser organization of our foreign lending and credit structure.

In the field of business, some prediction has been ventured as to the type of investment of the future. Another phase of business finance is growing in importance, and that is the extension of longer commercial credits, a recognition of the business position of Latin American merchants and of what the Latin American countries have a right to expect from the other countries of America. In the past, trade has been built on quality, value, novelty, fast delivery, practicability and easy repairs and maintenance in the case of machinery, and better salesmanship throughout. Credits have been secondary. That time passed with the coming of the depression of 1931. The future is to be a time of sound business practice, carefully and soundly supervised development in Latin America's industries, government works and business and exchange. The Latin Americans expect, and have a right to expect, recognition of their advancement in business, from those who sell to them, and particularly from Saxon America, Canada and the United States. This recognition properly involves the issue of credits, and here there is room for vast improvement in the United States.

Until the drop in trade in 1931, the question of credits in export trade had not entered greatly, for the commerce of the United States has been built, as just noted, on other factors. That year found the credit structure of the United States (limited to 90 day discounts on self-liquidating commercial paper in the Federal Reserve Banking system) adequate for domestic business but not geared to the needs of

the foreign field. United States capital, borrowed by Europe on credits artificially prepared for consumption here, was used to finance Europe's long-term credits to Latin America and other export markets, and in tight times the European, chiefly the German, manufacturer was thus able to carry off the honors and the trade. One of the vitally important changes recognized by business as necessary to the foreign trade structure of the United States with relation to Latin America is in banking facilities, which must grow intelligently with growing commerce. Under the Federal Reserve laws, intermediate and long-term foreign trade banks can properly be formed to take a part of the burden of foreign trade credits off the shoulders of the manufacturer. It has been one of the fairly clear roads out of trade difficulties, to extend lengthened credits to sound credit risks in times of slow sales or poor exchange situations. And in times of good business, too, in the foreign field where, even in ordinary years, it is often a matter of close to twelve months before goods can reach the ultimate consumer and the actual funds from him return to the manufacturer. The credit problem is not alone one of governments but of business and of current business, in Latin America. It is a matter for growing confidence when credits other than those of governments rank high in the estimation of the shippers of goods to any foreign field. The entry of the credit of reputable Latin American merchants into the world's credit pool is sound business.

The world is indeed moving into some such new era of business investments—and credit—for Latin America. Such a change is a vital part of the links between foreign gold and local business. The past has seen the era of exploitation, then the period of development of railways and

the extractive and plantation industries, and more recently the period of expansion and development of national "plant" that covered the twenties of the present century. A fourth era has opened as a direct result of the awakening and the concentration of Latin Americans on their difficult home economic problems in the depression of 1931. The sudden end of the flood of easy loans brought them face to face with their true problem, the development of a place in the industrial world of the future, a place which both for their sake and ours is called here Greater America. That means, to them, a larger self-realization in business rather more than in politics, a broader development of their own industrial structure, a rapidly rising standard of living, and a radical change in the type of their contributions to the grist of world commerce.

Those changes are indicated, and are upon us all today. They must be financed, but because they are in existence now and must naturally be carried to productivity and because they are business and thus on a saner ground and more philosophical basis than politics, they will conceivably be considered on a different basis than other types of credit, in the fourth era of Latin American investment. More care and study, more sympathy and, in their execution, a more helpful and efficient supervision, will be given to them than to government loan proposals from the same countries. Foreign gold, fused with local business, will be a more vital element, and a safer one than in the past, in the growth and power of Latin America.

## *Chapter IX*

### TARIFFS AND TRADE

THE earliest form of taxation in Latin American countries was the tariff, and through all the history of these countries, indirect taxation, rather than direct assessment of revenues, has been the rule. The export tax flourishes, but foreign trade being the vital factor that it is in the national economy, no export tax endures long if it is found to put the local production at a disadvantage abroad. The absence of taxes on real estate as such, irrespective of its productivity, long held back the development of agriculture and the setting up of the middle-class farmer. The income tax was adopted in Latin America only slowly, and with considerable trepidation — and favoritism, in many countries. But above all, the tariff on imports was designed to furnish, and today furnishes, the bulk of government revenue.

In recent years, however, there have been growing up two other phases of the tariff in Latin America. One has been the idea of a bargaining tariff arrangement, looking toward reciprocity and the swapping of favors with other nations; this has been a tendency and has been tried, indeed, through many years. The other and more modern phase of Latin American tariff legislation has been protectionist, the reaching, through the use of tariffs on imported goods, toward the stimulation of home industries.

Now tariffs for revenue are basically different in form and in effect from those of a protectionist nature, such as are assessed in the United States and Canada. A duty assessed against a foreign product by a country where a similar product is manufactured locally results, if the tariff is high

enough, in shutting out the foreign competition. Where there is no local manufacture of a competing product, the tariff for revenue results only in the local buyer paying more for the imported article and the government obtaining a revenue by indirect taxation. In times of economic difficulties like those of 1931, the increase of customs duties may result in the limiting of imports because of the increased cost, and the consequent unforeseen reduction in government revenue; the increase in tariff rates may also be used deliberately to discourage imports with the idea that this will help the balance of international payments, a plan resorted to by some countries during the depression.

Theoretically, high duties restrict the use of foreign goods but in the countries of Latin America, where high prices are the rule and imported goods are therefore expected to cost much more than local products, this is not a serious deterrent in good times; the chief influence affecting the volume of imports is the internal economic situation, not the price. In addition to this, under the usual form of assessment of customs duties (by weight, or grade), the difference between a product expensive to start with, in the United States say, and a similar product cheaply made in Germany for instance, is, by the time it reaches the Latin American merchant, nothing like so great as when the two articles set sail for the Latin American market from their home ports.

For instance, a carpenter's saw worth \$3 at the factory in the United States, and paying \$2 duty and \$1 freight and handling, costs \$6 by the time it reaches Latin America. A German saw worth \$1 to start with, and paying the same freight, as it would, and the same duty, as would also be likely, is laid down at \$4 total cost. The saw from the

United States is therefore not three times as costly, as it was at the factory, but only 50 per cent more costly. This is not theory, but actual practice in hundreds of items of import into Latin America. It explains in very large degree the preference for the higher type goods from North America, in competition with Europe. It also has had much to do with the gradually closer relationship between the countries of Latin America and the United States and Canada in business matters. The maker of a fine piece of machinery that, thanks to the Latin American tariff, comes to the buyer there as an outstanding value as compared with a piece of German machinery which where it was built was perhaps sold at half the price of the North American product — that maker of machines in Anglo Saxon America has created a sound basis for appreciative friendship from the Latin American.

Thus, from many viewpoints on the American side of the water, the Latin American tariff system has its advantages. But there are many disadvantages and many abuses, although any tariff, when the seller and indeed the importing house faces it, is a rather difficult and distasteful instrument. In Latin America, tariff legislation has from the first provided two methods of assessment, by gross or by net weight, and by percentage on valuation. The weight system has disadvantages, but where it is not complicated by what may be called customhouse traditions, it has the great virtue of enabling the shipper or importer to estimate with some accuracy the duty that will have to be paid. The system of assessing duties on an *ad valorem* basis in Latin American countries has been complicated by the methods adopted for assessing those values at arbitrarily fixed figures.

The classic example of the latter is the old Argentine tariff on watches, which collected 5 per cent *ad valorem*



but had a fixed value that was placed on all watches in certain groups. Chronometer or other fine movements, in gold cases, paid 5 per cent on a fixed value of 80 pesos, no matter what the real value of the movement, and if in a silver case, the same movement paid duty on a 12 peso valuation. An "ordinary" movement was valued at 30 pesos in a gold case, 5 pesos in gold filled, 4 in silver and 2 in "common metals." Women's watches were worth 15 pesos in gold cases, and 25 pesos if the cases were ornamented with diamonds or pearls, and in gold-filled, silver and common metal cases, paid the same as men's. Silk, whether in bolts, dresses or furniture, everywhere in Latin America pays high duties, and the assessing is done in a wholesale manner. In México, years ago, a certain set of silk upholstered furniture reached the owner with the upholstering slashed, to learn if it was silk, and the whole piece had been put on the scales and duty as silk assessed against wood and all by that total weight.

In more recent years, assessment by actual value has been sought and in this the value at the factory has often been taken. In most countries of Latin America, the specifications and prices of different makes and models of motor cars as they appear in *El Automóvil Americano*, a commercial journal published in the United States, are taken as the basis of assessment for duties. In Argentina, until very recently, motor trucks were allowed to enter on a special classification as tractors and therefore as machinery (always assessed for low duties), provided they could pull a certain load under certain conditions; the annual field day in which the trucks proved their mettle in competition with the crawler tractors was always an event in the automotive world, and it meant a great difference in duties on future shipments.

Many customs duties in Latin America, even today, are based on differences in quality described in the law itself as "fine," "standard," "ordinary," and "common," which, needless to say, leaves an appalling gamut of choice to the customs assessor. Similarly, the use of the phrase "American type," or "French type" or "Austrian type" and applied to furniture and other things, has caused continuing confusion, but perhaps no more than the difficulties and fines arising out of the determination of values of textiles by the number of threads to the square centimeter. Foreign manufacturers whose looms do not conform exactly to the probably ancient types in vogue when the tariff law was passed may generously send a slightly finer grade, in number of threads per centimeter, with the result that their customers are assessed heavy fines for false declarations.

All these are difficulties inherent in any tariff system, and particularly where the framers are politicians and even more so where, as in Latin America, the tariffs are usually drawn up from the viewpoint of the retailer, merely because there are few local manufacturers. The difficulties in getting skilled and informed assessors is not without its part in the problem also, for skilled assessors are the product of industry and not of schools or the retail stores, and Latin America has not, as yet, the industries in which to train such men. Complications there are, in the tariff assessment practice of Latin American countries, but as the years have passed these have been gradually ironed out and the problems of today are rather with the system and with the wild things which are sought to be accomplished from it, than with the actual enforcement at the ports. It would also be just to remember that the mere cost of administering the tariff law in the United States is alone greater than the total tariff revenue of any Latin American country. And

there are those who have criticisms of the United States assessments of classifications, values and duties.

The thought of reciprocity treaties has long been paramount in the tariff and international relations of most Latin American countries. The idea of granting special tariff privileges to a manufacturing country in return for special tariff concessions on the commodities and foodstuffs and other products of the Latin American country always seems at first thought, an excellent way of assuring markets abroad. The United States now has one such arrangement, and only one. This is with Cuba, where a 10 to 20 per cent differential in favor of the other country is granted on all duties reciprocally. The United States twenty years ago had a somewhat similar arrangement with Brazil, but Brazil's chief export to the United States is coffee, which was on the American free list anyway, and the scheming and political wire-pulling by United States exporters and still more by Brazilian importers, at both Rio de Janeiro and Washington, which marked the closing weeks of each year when items were selected for reduced duties, made the arrangement so cumbersome that it was abandoned voluntarily by the United States.

In the strained economic atmosphere of 1931, Cuba considered seriously the abrogation of its reciprocal agreement, on the ground that the new sugar duty in the United States worked in favor of its rivals within the United States tariff borders, anyway. It was held that the 20 per cent differential meant nothing of actual value in the sugar trade as Cuba's chief competitors in the United States market were Louisiana, the beet sugar interests of the West and Northwest, the Philippines and Hawaii. Cuba began to feel, in other words, that it was giving more than it got. That is an

inherent difficulty with reciprocity arrangements, but it is not the final answer by any means, nor has it deterred the Latin American countries from going forward in their search for such arrangements.

The United States has obtained a few Latin American signatures to its standard form of commercial treaty by which, excepting only the arrangements of the United States with Cuba and with its overseas possessions, each signatory will extend to the other equal treatment in customs matters with what is given or may be given to the most favored nation. But outside the list of signatures there has long been activity and Canada has, within the limitations of dominion preference, entered into some reciprocity arrangements. During 1931, the question was vigorously to the fore, with France taking an active part. Both Chile and Brazil took up the matter of reciprocity treaties very seriously; the Brazilians had found their old treaty with France denounced and skillful diplomatic moves, including threatened duties on Brazilian coffee in France, were being made in the effort to readjust the relationship. The French "tariff of combat" has been a tempting example to Latin American political economists, and the end of the reciprocity discussion is as yet far off. The question of the soundness or unsoundness of reciprocity from the purely technical viewpoint is far from the whole of the problem.

In the early years of the formation of the Republican protective tariff doctrine in the United States and under the leadership of the powerful "first Pan-American," James G. Blaine, the commodities produced exclusively or chiefly in Latin America were to be on the free list. In the beginning this was a not inconsiderable matter, but gradually more and more of those items have been moved to the dutiable list, and of the chief Latin American products only coffee, cacao,

nitrate and petroleum remained on the free list in the Tariff Act of 1930, and copper and petroleum were immediately brought under pressure for transfer to the dutiable classifications.

In the future, the relations of Latin America and the United States seem destined to approach more and more closely. The growing interest both on the part of exporters and of those who have only the thought of a greater and sounder America at heart seems to indicate that the reciprocity question with regard to Latin America is far from closed, — even by the solid doors of present “most favored nation” treaties. Tariffs in Latin America are destined to much fluctuation in all probability, due both to the need for revenue and the desire to protect growing industries. Through those tariffs probably no door can be opened excepting reciprocity, so that, whatever the difficulties and whatever the technical unsoundness of the idea, thought must be given it.

There has been talk, at various moments in the economic history of the Americas, of customs unions either within Latin America itself or amongst all the nations of the hemisphere. The latter is probably much more likely of accomplishment than the former, although either is difficult. The tariff walls between the countries of Latin America are towering, and the milk of human kindness has not prevented the imposition of duties, for instance, in Chile against the cattle of Argentina, or in Argentina against the superior wines of Chile, or between the nations of the Atlantic littoral of South America over *yerba mate* tea. Cuba puts a duty on coffee, to stimulate a home industry, despite the difficulties of Brazil with that product. As yet only the Central American countries, with their loose and limited

customs union (if it can be so called) have shown any indications of friendly reciprocity, although Perú and Chile, ancient enemies but with generally non-competitive products, are moving toward a possible mutual tariff arrangement. The United States and Canada remain the great market for Latin America, however, and will become so increasingly as the years go on. As the economy of both nations changes they will buy more and more from Latin America, not only of the commodities in which those countries have specialized in the past, but of the new food crops and manufactures and semi-manufactures which lie before them in their economic destiny. The Western hemisphere will draw together more closely and in our prophetic quarter-century many things that seem impracticable now — customs unions and reciprocity treaties and regional international customs conferences, with real results — must in some form or another be adapted to the imperious demands of the commercial co-operation of the nations of the Americas.

The protectionist phases of Latin American tariffs have very generally, in the past, been of the extreme hothouse variety. The infant industries have been encouraged, usually at the behest of some powerful local interest, by duties which frankly seek to be practically prohibitive. Often, however, under such tariffs the price of local products, when a single factory held the monopoly of trade, was usually raised to so close to the cost of the imported article that they invited competition, even at higher prices, from foreign goods of better quality.

In the logical development of this type of hothouse tariff protection, however, competitive local industries grew up. Where a normal industrial growth would have seen only

the creation of different industries, in an artificial atmosphere the temptation of the success of one only brought duplication, and bitter price wars which ended too often in disaster. Before 1924, Chile's protective duty on men's hats resulted in the establishment of one or two local factories, which charged prices only a little below standard North America and Italian hats imported through the high customs barrier. Five years later, the success of these plants had brought others into the field, and one could buy an excellent Chilean hat at a ruinously low price. The natural adjustment, which is on the way, is not for protective duties which create monopolies for a single factory and thus induce destructive local competition but for duties which invite the finest quality of foreign product and encourage the gradual improvement of local standards while leaving the cheaper markets effectively to the local manufacturer.

In the orgy of tariff increases which swept the world from 1928 to 1932, Latin America did its share to add to the confusion and destruction of trade, but it is important to note that adjustments in these countries were almost as prompt and rather more effective than elsewhere and were for the general benefit of both the imported and local article. The protectionist era of Latin American tariff making is undoubtedly here in full blast, with many mistakes to be sure, but with prompt corrective moves as well.

As has been discussed earlier, in the chapter on economic development, these new tariffs have consistently either lowered, or refrained at least from raising, duties on industrial machinery and on materials for manufacture, from raw cotton which is material for a textile mill to the heavy cotton fabric which is equally raw material for an automobile tire factory. There has, that is, been a provision of means for the encouragement of branch factories and assembly plants

as well as for new industries of local importance and origin.

It is interesting to note here that probably one of the reasons that will prevent a Latin American customs union will be the fact that if such a union existed the branch factories and indeed the national industries of certain countries would forestall, for many years to come, the establishment of similar factories in neighboring countries. For instance, with a Latin American customs union in full operation in southern South America, it seems likely that branch factories in Argentina, for instance, would be looked upon as adequate to supply Chile, Uruguay and Southern Brazil, preventing the possible establishment of similar branch factories, which are much desired, in those other countries. It is considerations such as these (and taking into account the proud nationalism in industry, as in much else, which is so vital a factor in Latin American relations) that are amongst the most powerful factors in advancing or retarding the realization of the dream of a Greater America linking all nations of the Western Hemisphere. New industries and branch factories create no competition of far-reaching importance between Latin American countries and the United States or Canada, but they are a dividing element in relations between the countries of Latin America themselves. The industrial trend of Latin America is a factor drawing Latin and Saxon America together, not separating it. Political interests may seem to force the Latin American nations into a unit opposed in essence to the United States; trade interests and industrial development draw all together.

Tariffs are not all of trade, however, and particularly not the tariffs at one end only. The tariff policy of the United States has been blamed, at the other end of the exchange,



for many of the problems of Latin America which arose following the enactment of the Tariff of 1930. The world depression, however, has so obscured the relative values of the tariff and the slump in commodity prices that came at almost the same time that no one can offer irrefutable evidence or even entirely sound comment on the effect of the United States tariff. Its part in encouraging a world tariff orgy was unquestioned, but the very violence of the results may lead to solutions which cannot be guessed as this is written. It is of some significance to note that within a year and a half after the enactment of the 1930 Tariff in the United States, the one Latin American product which was actually most severely touched by its provisions was being deliberately increased in acreage in Latin America as a portion of the plans for readjustment of the economic picture. The reference is to linseed, the duty against which encouraged many wheat farmers to try its cultivation on a large scale in the United States. The results were apparently not so satisfactory as to justify the extension of the experiment, and as men cannot make paint or successful linoleum out of cottonseed (for whose protection the linseed tariff was imposed) the Argentine linseed farmers have gone back to the job.

The question of tariffs is complicated beyond the analysis of a non-technical book, and its phases have been set down here only in a desire to evaluate them for the future in their relations to trade. Certainly the whole world, and most of all the countries of the Americas, have tariffs which leave them plenty with which to bargain. The situation in 1931 was not encouraging, excepting as it was symptomatic of a coming change in attitude toward tariff questions. The direction will be toward mutual arrangements of some kind, or so it seems safe to predict. As has also been suggested

earlier in this chapter, the tendency of the future of tariff adjustments and of trade seems, even after any analysis of tariffs, to be inevitably toward the closer knitting of Latin America and Saxon America and looking toward the formation with full national independence of action, of the firm trade structure for Greater America.

Latin American commerce, and with growing emphasis that with the United States and Canada, has been increasing steadily for the entire economic history of the new nations there. The United States, in the statistics of 1930, became the chief source, at last, of the imports of all the countries, and the dominating market for the exports of most of them. In the next quarter-century, it seems more than likely that this importance of the United States in Latin American import and export will increase, rather than diminish. There are very definite reasons, well grounded in experience, for this assumption. First is the tendency, already noted in these pages, for the United States to become more and more an industrial and less and less an agricultural country. First meats and then gradually other great food products will have to be imported, whatever efforts the tariffs of the future may make for the apparent purpose of limiting such imports. The effect of the United States tariff is becoming more and more only to raise prices paid by the citizenry for the benefit of the United States producers, rather than to shut off the importation of competitive foreign goods. Food products from Latin America, even through rising tariffs, will certainly be imported by the United States in increasing quantities as production in this country declines through the coming years. For instance, in 1931, following the increased tariff on corned beef to six cents per pound, a new brand of Argentine canned corned

beef invaded the United States market at a figure less than this type of import had commanded before the 1930 tariff. This was an individual drive to gain that important market, but it is also indicative of the attitude of forward-looking industrialists in Latin America toward their coming opportunities in the markets of North America.

Nor are the United States and Canada alone considered as American markets by the progressive South American. México, Cuba and the northern countries of the southern continent are invaded by salesmen for the products of Argentina, Chile, etc. All the countries will be increasingly the object of a trade propaganda of growing skill from their sister nations, as the years pass. The Saxon countries of North America will, however, be the chief objects of the selling drive, and time and the changing conditions of production in the North are working rapidly toward that greater use of Latin American foodstuffs and even manufactures. No one who has watched the importation into the United States of fruits and vegetables and, in slowly growing quantities, of manufactured food specialties from Latin America can doubt the commercial possibilities of the future in these and other directions. The tariffs of the United States, and of Canada, will not shut them out, simply because they will be needed in the coming years, despite price.

The exports of the United States and to a lesser degree those of Canada have grown so promisingly in the past that they, too, must be considered as sure to increase. There has been a closer approximation to the types of goods needed in Latin America by the various groups which sell, and more willingness to meet those needs with new designs. But above all, Latin America has come to a realization of the value, to its people, of the products of large production, cutting costs and giving prices which no local production

can even approximate. It insures an advancing market for the more advanced types of machinery and for the produce of mass manufacture, with all their economies and all their promise for the individual as well as for the nation.

The markets of Latin America for the advanced products of the great manufacturing countries have been of slow growth and, again, the future can only be charted, not calculated, from the past. Those lean years under Spain and the adaptation of even the wealthy to the products of field and forest and of rough handicraft left the new countries of Latin America but slender markets, as we have seen, for a generation after the independence. Even today, probably not over 25 per cent of the populations of the countries, on the average, buy imported goods outside of the simplest tools, like their long machetes or corn knives and heavy hoes built close to the pattern of the stone axes of prehistoric times which are made abroad for their trade. But that 25 per cent is a greater proportion, as it is of course a much greater number, than ten years ago, just as those of ten years ago were more than the decade preceding, and so on back into the past, and so, too, on into the future. Tariffs and embargoes are temporary, but the progress of man upward, and the increase of his wants and of his capacity to procure them, is continuous.

## *Chapter X*

### POLITICS AND PROGRESS

THE political problems of Latin America—and the tremendous social forces that are inherent in those political issues — are not to be understood through even the deepest study of any single phase of their political history. The extensive literature and eloquent protagonists of every revolution presume to interpret them all, but each is but one facet of the stone. The trends back toward Indianism which have appeared from time to time throughout Latin American history are not the whole story, nor are the pronouncements of the great men of the independence, even Bolívar himself, alone sufficient. Mighty streams converged to create the realities of Latin America in the past, and yet more powerful and complicated forces exist there and in the inflow from without today. The need for a realistic view forces itself upon us everywhere in the panorama of Latin American affairs, but nowhere with such force as in its politics. And without an understanding of Latin American politics every question, from anti-hookworm campaigns to the selling of electric flatirons, wallows still in confusion. Without such understanding, certainly, the relations between Saxon and Latin America float nebulously in abstract idealism.

For centuries before Columbus came, Indian governments had been functioning throughout the vast spaces of the American Hemisphere. They were warlike, of necessity, and they had been built through slow evolution into types that served effectively at least as a reflection of the needs, if

not the desires, of the people whom they ruled. But there were only two centers of what could by any stretch of the imagination be called civilization. One was in México and Central America, and one in Perú. Both were so rotted with sedition and disorganization that they fell with appalling ease before the Spaniards. The fabled Aztec empire of Central México, heir and lord of the traditions of the Mayas in Southern México, Guatemala and Honduras, fell before 673 Spaniards. The superb Inca empire of Ecuador, Perú and Bolivia collapsed before the onslaught of Pizarro and his 130 Spaniards. The lesser Indian kingdoms in Colombia and Chile were conquered or absorbed, as were tribes and "nations" elsewhere, by the Spanish invaders. One alone of all the thousands of little Indian nations in the New World, the Araucanians of Chile, were "unconquered," and they from warlike prowess rather than political or social inertia. The descendants of the Araucanians, mixed with the virile blood of Northern Spain, are today probably the most compactly nationalistic — and Spanish in custom and nature — of all the peoples of Latin America.

The Indian nations of Latin America, generally speaking, were theocracies, a fact which accounts in no small part for the tremendous influence of the Church and the priests in extending the Spanish and Portuguese rule. The transfer from pagan gods to Christian symbols, at any rate, was easy and the acceptance of priestly government was based on centuries of custom. The Indian rulers were, in the Aztec and Inca empires and in many others, of a different, almost an alien stock from their miserable commoners, so that the acceptance of the new rulers and religion was not a new or difficult adaptation.

The cult of a divine origin of the rulers and ruling castes was emphasized by the fact that these rulers had indeed

come from far places in a remote or recent past, while the humble men and women they ruled had been of the soil from untold centuries, without tradition as to themselves, overawed by the noble legends of their conquerors and rulers. The Quechuas and Aymaras of the Inca empire were probably not different from their descendants today in Perú and Bolivia, and the Otomís of the hills about México City have not merely seen Aztec, Spanish and republican rule, but have suffered, in centuries forgotten, equally foreign conquerors of Tóltec and Chichimec strains. They have remained little changed, perhaps, but their rulers have imposed new customs and, step by step, even some social advances. The tragedy of the fall before Spaniard and Portuguese of those Indian rulers and the systems of life and government which they represented was conceivably no more a tragedy than the fall of the rulers whom they themselves displaced.

Sentiment is a treacherous guide in the maze of history and is especially so when the contrast is between eras of which we have more or less accurate knowledge and eras of a past all but unknown to us. The Incas of Perú left no written records on any of their great monuments, and little in documents excepting those set down immediately after the Conquest. The Maya monuments of México and Central America, covered with hieroglyphics, remain unread to this day, save for their dates. The Aztec codices, a baker's dozen of which alone survive, tell only the glories of kings and the boastful records of conquests. Only of the Spanish rule in those countries have we a fairly complete social history.

We do know that the Indian past in Latin America gave the natives their communism (the natural form of local government in all primitive society), their pitiful, if pictur-

esque, native crafts, and their stolid acceptance of direction from above. But that past was, even from what has come down to us from the early historians of the conquest, no whit more (and probably less) sympathetic to the lowly than was the Spanish rule. It was much less so than that of the modern age which builds consciously on the progress and the rising living standards of all the world. Yet whether or not, history moves inexorably forward and in the history of the Americas Spain, and to a less degree Portugal, brought to the shaping of political history a social force whose impact was tremendous and lasting.

The Spaniards and the Portuguese came to America in a stately train. Their colonies in the New World were laid down, like the colonies of ancient Rome, under an ordered plan, as contrasted with the haphazard and for long years poverty-stricken colonies of England in the North of the hemisphere. The sovereigns of Spain owned the land and the Indians, and sent their rulers and their colonists out under royal authority. Within less than fifty years after the discovery of America by Columbus, and a century before the founding of the first royal British colony in North America, the first Spanish viceroy had set out for México, with a retinue, a salary of \$30,000 a year, and generous provisions for his bodyguard and government. By the beginning of the Seventeenth Century, and before the landing on Plymouth Rock, there were two viceroys ruling the Americas for Spain, from México and from Lima, with salaries of \$100,000 and \$150,000 respectively, and government establishments corresponding. The flow of gold and silver had long since swelled to a flood, the Indians had been made first serfs and then slaves, the colonies were prosperous and their old and new royalties rich. Spain, resting on



her denuded hills, sent her most vigorous sons across the seas and brought in the wealth which was to prove her own undoing, albeit it revived and influenced the whole future of European history and commerce.

The political power of such a government, autocratic, represented in the person of the king and of his viceroys, was tremendous. It dominated the life and progress of the Americas not only through the three centuries of colonial rule, but far into the period of independence. The representatives of the Church, marching with the soldiers, penetrated far into the interior, set up missions whose ruins remain today clear across the northern frontier of "New Spain" in the southern United States, from the Atlantic to the Pacific, and, equally, in the far interior plains of Paraguay. The caste system, a crude and destructive effort to perpetuate dying European feudalism in the New World, was imposed. The *peninsulares*, or Spaniards from Spain, alone held office or ruled, while their native-born sons and daughters formed a new caste of *criollos* or creoles (literally the descendants, born in America, of Europeans) and long after the end of the miscegenation of soldiers and Indians they were marrying native women because Spain prohibited the emigration of unmarried Spanish women to the colonies. The great *mestizo* or mixed-blood caste was formed on solid and legitimate foundations in the higher reaches of society, and creoles and *mestizos* together were prohibited from the privileges of the European Spaniards. The generations of brooding on this discrimination had not a little to do with the united front of *mestizo* and creole which finally made possible the sacrifices and triumphs of the revolutions of independence.

The role of the Roman Catholic Church in the political

history of the colonies and of the republics that have succeeded them has been almost invariably wrongly estimated by foreigners. The grants of the vast areas of those colonies to Spain and to Portugal came, as we saw earlier in these pages, from the Pope, and provided for the Christianization of the Indians and the upholding of the Faith throughout all the regions that might be conquered. Under this arrangement priests and friars went forward with every army, and when the soldiers settled down to administrative duties, pressed beyond their furthest lines into the wilderness. They built the missions and subdued the Indians in the name of religion, and their contribution is written large across every page of colonial history.

The revenues from the churches went in general, however, not to Rome but to the king in Madrid or in Lisbon, and this provision is in large measure responsible for the superb monuments of the churches that rise above every city and hamlet in those portions of Latin America that were settled during the colonial days. The priests preferred, not unnaturally, to expend their revenues, which came from their lands as well as from contributions, on churches rather than sending them to the king, and the instructions of the Popes gave strong support for this plan. Millions of money and the work, probably with little pay, of hundreds of thousands of Indians went into these lovely edifices, which remain to this day to embellish the cities and the countryside.

The Inquisition was active in the colonies during the Eighteenth Century but although heretics were tried and some actually burned in the colonies the chief activity, and the most provoking to the creoles, was the censorship which the Holy Office assumed over all printed matter introduced into the colonies. The liberal writings of the pe-

riod were officially excluded, but surreptitiously circulated, and amongst the manifestations of bitterness toward the Church which burst out during the revolutionary period were serious attacks on the buildings of the Holy Office.

When the break from Spain came, the Church remained loyal, excepting for a few priests who, individually, went over to the revolution and in some cases, like the devoted country priest, Miguel Hidalgo in México, became its heroes. Since the revolution, the Church's influence has been essentially conservative, and the Conservative party in all the countries is almost always a Clerical political group. The result has been the reiterated efforts to destroy the power of the Church in Latin American republics. In México, two tremendous upheavals have sought to break that influence and to despoil the Church of its wealth and even of its rights of ministry,—and the second upheaval has not completed the decision even after nearly fifteen years. In most of the countries the Jesuits have been expelled on the ground of their political power and acumen but in some, as Colombia for example, the power of the Church remains unbroken.

It is not to be forgotten, in this connection, that the terms of the grant of the colonial church revenues to the king of Spain were such that the revolutionary governments had apparent ground for holding that, as successors to the king, they too should enjoy these revenues. The Church authorities, backed by Rome, have fought this interpretation vigorously, and this controversy has embittered the succeeding generations in the young republics. This cleavage of opinion explains much of the Mexican difficulties, although this essential detail of the financial bases of the revolutionary controversy over the religious issue has largely been lost sight of.

The economic tutelage of the colonies was one of the important factors in their strict control by the governments at home. Their manufactures and those of the Indians were suppressed and for a time even the cotton raised, as it had been raised for centuries in México, could not be woven in factories in the colonies, but had to be shipped to Spain and thence re-imported as finished goods. The colonials were encouraged to produce, first the precious metals and then raw materials, and to buy all manufactured goods from Spain or Portugal as the case might be. In this, the economic situation of the English colonies in the North differed but little, and one of the causes common to both revolts from the mother countries was the resentment at and the cost of this commercial domination. Here, however, the parallel between the conditions in the two colonial regions ends. The Spanish and Portuguese colonists were under direct and unquestioned political control from the mother country. They had but one political lesson to learn, that of unquestioning obedience, while the English colonists in the North had not only their own self-government for training, but the long history of democracy from the Magna Charta down to the Mayflower Compact, and the growing liberalism of their own era amongst the English at home. The result was that in Latin America there was peace and stability, but no preparation for independence, while the English colonists had both.

There had been, in the older days of Spain, a genuine tendency toward popular liberty. The spirit remained but the methods were changed under Philip II, who inaugurated the colonial era, and the training for the future of independence was entirely lacking. These facts must be remembered in order to understand the politics and tendencies of today in Latin America. Under Spain power was per-

sonal, depending directly from the king. When the revolutions came, the need was for someone who embodied the power that was once vested alone in royalty and its minions. Prejudice and demagoguery held sway and the clinging to this leader and to that, and the struggle between the chieftains, became the outstanding facts of Latin American history for half a century. The very background here traced indicates the difficult beginnings of the new republics, and the fact that these troubles were not due to incapacity of the racial stock, European or Indian or mixed though it be, but go back directly to the political education and limited opportunities of the colonials during the three centuries of their dependency.

The revolts of the Spanish colonies against the mother country had their direct origin in political difficulties on the peninsula. Napoleon, invading Spain in 1808, had forced the abdication of Charles IV and renunciation of all claim to the throne by his son, Ferdinand. Napoleon's brother Joseph was made king of Spain. The Spanish people, surprised and outraged, formed juntas of rebellion against the new regime and declared their allegiance to the crown prince, as Ferdinand VII. When the news and the orders to obey the decrees and officers of Joseph Bonaparte were received in Venezuela and in other centers of Latin America, the people there again protested, formed, in turn, their own juntas in favor of Ferdinand and rebellion, although still under cover, seeped throughout the colonies. Within two years the Venezuelan junta had deposed the governor-general of the Bonapartes and had set up in Caracas the first locally chosen government in Latin America, and the principle that the provinces of Spain in America possessed the right of self-government had been declared. It was written

on the tenuous basis that due to the usurpation of the throne of Spain by Joseph, no general government existed either in Spain or the colonies, but none the less the break was begun. On July 3, 1811, Simón Bolívar, who was to become one of the great heroes of all the history of republicanism in the world, in an address in Carácas said:

What care we if Spain submits to Napoleon Bonaparte, if we have decided to be free? Let us without fear lay the corner stone of South American freedom. To hesitate is to die.

The pages of this book are no place to recite the long history of the struggle for independence in Latin America. There are few pages more heroic in all history, for the flame swept from México to the Rio de la Plata and Chile, and leaders of legendary glory arose and fought and fell. The era of revolutions also recorded not alone the series of stupendous personal achievements that dwarf even the records of the Conquest, but it saw the brilliant fires of a hundred idealists, struggling to solve the growing political problems in the halls of their myriad succeeding congresses. Declarations of independence crowd upon one another between 1810 and 1824, and a literature of political philosophy that fills miles of shelves poured out to explain and justify, and to plan for the glorious future of independence.

The final battle of the independence was fought on December 9, 1824, on the plains at Ayacucho, high in the Peruvian Andes. One of the greatest and most unselfish of all the leaders of the revolution, Marshal Antonio José de Sucre, led the combined forces of Argentina, Chile, Perú and Greater Colombia to this victory, which broke the power of Spain in America, and was followed, only a few years later, by recognition by the mother country of the last of the revolutionary governments.

Bitter years followed the triumph of the revolution against Spain. Bolívar himself, looking back discouraged on his failures to achieve the ideals for which he and so many gallant men had fought, wrote in his later years:

"Those who have toiled for liberty in South America have ploughed in the sea!"

He predicted, even, the long period of revolution following revolution and the bitter personalism of the battles, but through it all, save in moments of black discouragement and illness, he saw that the end would come in better days and sounder democracy than was possible for lesser men even to dream of in those cruel days. The background which explains much of these difficulties has been set down briefly earlier in this chapter. The years that have followed the death, in poverty and in a borrowed bed, of the great Bolívar have recorded, despite many slips back, a long climb upward.

The years immediately following the revolution against Spain were difficult years, crowded with ugly pictures. That post-revolutionary period gives another important key, however, to the understanding of the immediate and subsequent political history in Latin America. The first efforts to build the new governments had virtually nothing to start upon, unlike the colonies that had become the United States. The result was that, perforce, they started with the central government, when the more solid growth of the United States could fortunately be based on the self-sufficient thirteen original states. They had from Spain the inheritance of Roman law, with its codes and procedure, but this legal structure needed a far stronger governing power than did the Common Law of England which the United States

could and did adopt bodily. The Latin Americans, seeking a more workable legal instrument, early adopted the Napoleonic code, which was still a somewhat untried regimen but which had its form and strength from the older Roman code which the Latin Americans knew well.

But laws were not all; they had need of a new form of government, as the only form they had known was a direct gift from an absolute monarch, and poor groundwork for republics. They had to find a way to eliminate the personal and to establish, what they had not known or dreamed of before, the rule of institutions rather than men. From this need, and from the bitterness of the controversy which grew out of it, came the one great issue of the generations that followed the revolutions.

Looking back to those days, and seeking for a simplification of their struggles in their oratory and pamphlets, there emerges one issue almost alone which divided the leaders after the victory. This was the choice of a centralized or as they called it unitarian government, as against the decentralized or federal union type. France is today the example of the first, the United States, of course, of the second. All through the gaudy history of dictatorships, revolutions, and changing constitutions in the countries of Spanish America has run the thread of the controversy over the choice of the form of constitutional democracy.

The distance from the achievement of independence today along the line of these divisions is not long, but its threads weave through a thousand byways. Primarily, in the revolt from Spain, the leaders sought in written constitutions and in the examples of other lands some quick and easy solution of their problems of government. The United States was the primary ideal, and the first efforts



were to form, similarly, central governments with self-governing states or provinces. But in many cases the provinces did not exist, although the old Spanish administrative units did give an apparently more solid basis for such divisions than existed, for instance, in the new territories that were carved on straight lines in the United States out of the western areas. But the difficulty lay in the fact that, generally speaking, the areas of Latin America were units (vice-royalties, captaincies-general and down through the smaller divisions) tending always toward disunion, while the thirteen original states in the North were definitely separated entities tending, through many tribulations, toward union. The contrast was sharp, and it presented the primary difficulty in the formation of sound governments in revolutionary Latin America.

The centralized type of government had, and still has, its difficulties in Latin America, for on both sides are arrayed fundamental forces. The ancient Spanish capitals, México, Bogotá, Carácas, Lima, and Buenos Aires, were, generally speaking, strongholds for centralized governments while the provinces and the interior believed they would have greater voice in politics through the federalized type of rule. The idea of centralization was also essentially Spanish, and of the upper classes, while the idea of a federal republic was generally supported by the mixed-bloods and the Indians. The great dictators, O'Higgins in Chile, Rosas in Argentina, Guzman Blanco and Gomez in Venezuela, Díaz in México, Leguia in Perú were powerful factors in centralization, even when they had no constitutions that justified it. The local chieftains, jealous of their own power, were the supporters of the federal form of government—until they themselves rose to the dictator's chair.

Philosophers and the lawyers have divided themselves all

through Latin American history, urging the centralized government as a policy of realism, or the decentralized as the only basis of sound democracy. Bloody battles have been fought, the revolutions of the past hundred years have been waged, dictators have risen, served their time and gone, all in the name of this endless controversy. The inevitable basis of all revolution, of every *coup d'état* against a dictator, is his centralization of power, and the first effect of each turnover is to give more power to the provinces, only in the end to have them turn their strength back to a new central government in which their own newly chosen chief-tain dominates.

Even the Latin American revolutions of recent years are explainable best, perhaps, in these terms, although the characteristics are less clearly set forth than in the earlier period. The Argentine revolution against President Hipólito Irigoyen in 1930 was in large part based on his invasion of the rights of the provinces and the political chicanery which placed his regime in the class of the ancient *caudillos*. Chile's political difficulties go back to a constitution that achieved decentralization through an all-powerful Congress; the abuse of the power taken from Congress and returned to the executive in 1926 was the deep cause of the revolution which overthrew President Carlos Ibañez in 1931. Porfirio Díaz in México had nullified the federal, decentralized forms of the Mexican constitution, and his centralization of power in the end brought on his downfall, in 1911, as a not dissimilar attitude did that of Augusto B. Leguía in Perú in 1930. The dictatorships of Latin America have fallen, almost always, on account of the refusal of the dictators to recognize the political demands of other, if lesser, leaders. They have left ruin and chaos behind them, not because the leaders were failures, or their ad-

ministrations corrupt, but because their centralization of the power in opposition to written federal constitutions sapped the springs of political growth and no new leaders could rise and prove themselves without meeting the challenge of revolution.

The revolution has thus slowly been inculcated as an essential element of the politics of Latin America. Its roots are in the habit of dictatorships, and yet revolution represents, actually, a step in democratic development, for beyond revolution is democracy, as surely in Colombia and Argentina and Perú today as it was in the United States in 1776. The road, only, has been confused by imported elements, by the difficulties inherent in the past, and by the vicious circle which is its own perpetuating factor. The very earliest revolutions against Spain brought forth strong men who, ruling in their turn as presidents, found a single powerful head the most practicable and efficient form of government. They found it difficult, however, to raise up successors to themselves, or to pass the power on even to selected men without the trial of battle. Democracy and elections were largely names, and are so to this day in most of the countries. Peace, after revolution, has come through strong men and few indeed have been the strong men who have been willing or even able to step down from power to stand behind their successors to allow them to find their feet and to pass on the power, in their turn, to others.

Simón Bolívar, the Liberator of Venezuela, Colombia (including present-day Panamá), Ecuador and Perú (then including Bolivia) foresaw, with that wisdom that makes him one of the outstanding political philosophers of our history, the great problems of republican government in those politically unschooled nations. He believed that they could

best be ruled by strong men, but he foresaw and predicted the difficulties of the transfer of power from one strong man to another and sought to solve the issue, in the constitution of Bolivia and in Greater Colombia, by providing for a president for life, with power to name his successor. Yet he foresaw, in the end, the evolution of noble democracies, based on education and the slowly broadening sense of responsibility in peoples, and even in his deepest gloom, never despaired of the outcome. The records of recent years in Argentina, Colombia, Chile and Uruguay have proven the soundness of his faith. The road is a very long one, up that steep hill of democracy, and the record of advance must be taken over the long grade, and not from minor slips back in the shifting sands and snows of the ascent. Conditions of government and suffrage have repeated, through the years, the desperation of the situations in the United States prior to their revolution, when there was no way out excepting by the appeal to force. The "right of revolution" is a real issue, and a live one, in Latin America still. It is not to be assumed, however, that all or any particularly overwhelming proportion of their revolutionary movements even of the past were really justified, or were all idealistic; the abuse of that "right" is still general.

The advance of the countries of Latin America to true suffrage has been a slow and uncertain advance, but there has been distinct movement forward to that end through all the century of independence. Uruguay has been a real democracy for almost its whole history since 1828. Argentina achieved it next, probably, but there was a long pause. Argentine suffrage is now compulsory and secret, and is definitely effective. Chile, in 1920, elected a man of the people, to the immense surprise of the aristocrats who, how-

ever, had the vision to refuse to protest a close vote which they might have won in Congress but which would have stirred bitter feelings. A few years later Honduras had a genuine election, which frankly surprised the political bosses. Nicaragua, in elections supervised at its request by United States Marines, has had two genuine elections in recent years. Colombia held a genuine free and effective election in 1930, and México has certainly been expanding its electoral body by the process of making its adequate election laws increasingly effective.

In the elections which in 1931 wound up the revolutionary movements of several countries, the suffrage was shown to be a better tool than in the past. El Salvador, without a revolution, chose its president out of a lively campaign with five candidates. Chile, following a communistic uprising in 1931 chose a conservative leader by a sound popular vote. Perú, in the first real election perhaps in its history, got out the vote on all sides, and the creakings of the new and elaborately cumbersome electoral machinery seemed to indicate the sincerity of the effort.

On the other hand, the electoral organization of many countries is still in the stage of idealistic constitutional provisions and laws, with little effect in extending the right to vote to the lower ranges of society. Brazil has always been ruled by oligarchies, although usually able ones; the election of the first popularly chosen president is yet to come, but is certainly in the minds of the leaders and is being definitely approached. The ignorant Indian populations of Bolivia and of Perú, Ecuador, Guatemala and México as well, make true suffrage difficult and its achievement, before education has penetrated more deeply, of questionable wisdom. Venezuela is of course a dictatorship and, at the other ex-

treme, Costa Rica, which has long had an effective suffrage, chooses its executives from the cream of national leadership, but after the fine oligarchies of the country have prepared a single "slate." There is no intention here to say that suffrage is really attained widely in Latin America, but it certainly is on the road to achievement, despite recent revolutions and the slow processes inherent in any such great social advancement.

The obvious difficulties with which each step recorded here has been taken explain more than one phase of the problem of government in Latin America. It explains, in part, the reason for being of the "right of revolution," for where there was no chance for a decision at the polls in favor of any but the government controlling the election machinery, there existed no remedy against bad government excepting revolution. The political philosopher who even today would argue against revolution, in many of the countries, has difficult going when he meets this solid rock of an ineffectual suffrage.

The slow advance of the Latin American nations toward true democracy, but their effective advance despite that slowness, is again a guarantee, it would seem, of their ultimate success with the processes of democracy. It is an axiom of political history that only rights and privileges which are gained with difficulty are either prized or used effectively. By this standard, certainly, the nations of Latin America should prize, and hold long, their democratic gains when they finally become fully effective. It is worthy of remark that their devotion to democratic ideals through a long history of difficulties would indicate that communism, no less than monarchy, will find scant ground for growth in their aspiring political gardens.

Communism has, indeed, raised its ugly head many times in Latin America and in the period of political difficulties which came during the depression of 1931 the solution of communism was offered to the people in the Latin American republics, as elsewhere. There has been persistent communistic propaganda throughout the countries, directed with some deliberation against the United States as well as against the local "capitalistic" governments. That this direction has been from Moscow is admitted frankly by the Russians, as they also admit the part played by Mexican communists and, during certain regimes there, by official Mexican propagandists. México has generally denied this part, however.

The essential bases of Latin American social organization are not, however, instinctively friendly to the communistic idea as it has been developed in Russia. The Indian communism which is cited so often as indicating a line of common thought between Russia and the Indians of Latin America is centuries away from the Russian idea. It is based on communal farming lands, on water rights, and withal on the holding of communal properties under the beneficent headship of a monarchical government. Latin America has no instinctive link to Russia, although this does not mean that such a link may not be created artificially.

It seems safe to predict, however, that whatever may be the temporary solutions of political and economic difficulties, and however these may seem to tend toward modern communism, the Latin American countries will, in their own good time, swing back safely into their steady climb toward democracy.

In the revolutionary history of Latin America, the influence of the United States has been very great. Although

this is treated more extensively in the chapter on Foreign Relations, it is necessary to note here that most revolutionary movements in México and the Caribbean countries either start with filibustering expeditions equipped secretly in the United States or else reach a point at some stage of the trouble when an appeal is made by one or the other side for intervention by the United States. The attitude of Washington in such cases has of necessity to be a support of the existing government, a position not always justified by the record of such government. Under a Pan-American treaty, the United States must refuse arms shipments to the rebels, if the existing government so requests. It cannot, even surreptitiously (which the revolutionists always vainly hope it will) interfere against the government. Its only aid has been to declare "neutral zones" for the protection of foreign interests and this it has done several times in Nicaragua, to the great benefit of the faction defending the section so isolated. In 1931, this policy was apparently discarded except in case of the actual failure of the local authorities to furnish protection. The result may perhaps be less revolution, but unfortunately, probably, less justified revolution, as the unjustified type never hoped for aid from the United States in any case.

Beginning with 1930, a new element entered into politics in Latin America,—the economic factor. Falling commodity prices and the sudden stoppage of the foreign loans that had been pouring in for the development of ports and highways, railways and government and private projects of every sort, brought on bitter difficulties for the people and for the ruling classes and the armies that had fattened in times of prosperity. Service on the foreign debts became a terrible burden on government, taxation increased, the ship-



ment of gold reserves to pay interest damaged exchange and brought lowered prices and higher living costs. The governments were held to blame, as they were all around the world in those bitter times, and in Latin American countries the recourse was to the old, old remedy, revolution. Economic at base, the manifestations were political, and although the *cuartelazo* (or barrack uprising) served as the medium in most cases, bloody battle followed in those countries, like Cuba, where the army had been held intact and loyal to the government.

While these uprisings were primarily economic, they were also directed, usually, against dictators of a modern type—made stylish again by similar forms of government in Europe following the Great War. Leguia in Peru, Irigoyen in Argentina, Ibañez in Chile, Machado in Cuba, had all perpetuated themselves (some through patriotism and others through personal ambition) on the ground of the crisis and the need of continuing policies for the national good. The revolts against them were holocausts politically and the upheavals gave little or no relief economically. The revolt against economic ills entered into the long history of Latin American revolution, but it was not without its lessons and its promise.

Popular government, in demand at least, has probably been advanced by a generation as a result of that series of revolts. A government answerable to the people has become a recognized need. Where that right already existed and was suppressed, as in Argentina by Irigoyen, the demand was imperious that it be corrected. In the countries where representative election has not yet been attained, it will be a hardy president who in the future will dare to seek to perpetuate himself by the old methods. In many of the countries which have suffered from these recent revolutions,

the type of ruler who gains the power has been distinctly lower than those supplanted, itself a move backward in the line of dictatorships, but certainly forward toward the time when the demands will be for truly representative government and not for new dictators.

And what, then, of that progress in the recent past and looking into the future? Argentina, so recently as the nineties of the last century, forced from an unwilling oligarchy the "law of the dark closet" or in other words the private voting booth, and compulsory voting. Chile has hewed its way through the difficulties of a former constitution that tried to combine the separation of the executive and legislative functions as in the United States with a presidential cabinet responsible to the Senate, and which was forced to resign when its policies (which were of course those of the president) were disapproved. Colombia proved, in 1929, that its electoral machinery was workable, even if a little rusty, when it elected to the presidency the first Liberal in recent history. In México a "strong man" who was a virtual dictator declined re-election and stood firmly behind the two presidents who succeeded him, and suffrage there approaches genuine reality. Thus the signs of democratic growth loom and multiply through the passing years.

There is one element in Latin American political philosophy—that is, the philosophy of the common man—which is too seldom realized, although it is a permanent and powerful factor for stability. This is the inherent popular liberty which is the ancient and essential characteristic of the Spaniard. No peasantry in Europe is more self-assertive, more sure of itself, more dignified in its taking of its rights, than that of Spain. Servility is foreign to the national spirit, and the history of the Spanish revolution of 1931 proved

what those who knew Spain well have always said of the Spaniards, that they bent the knee to none, save God, and that the king was of necessity a Spaniard first and a king second. That spirit did not change when the Spaniards came to America, as those know well who know the southern nations of the continent and the dwellers of those other lands where the mixture with the Indians has not brought in a strain of servile slavery which is not Spanish.

Indeed, at the risk of entering into that controversy which this book seeks to avoid, it might be pointed out again that the whole strength of the countries of Latin America has been in their holding to Spanish and Portuguese inheritances rather than to Indian. The Indian, as suggested, might well have developed his own civilization had he had another thousand years at his command, but those thousand years were not vouchsafed him, and what he has had to contribute to government and to culture have of necessity been strictly limited. He has given strength, the virility of the soil in which he has grown for his countless generations before the white man came, and he has given charm, artistry and mechanical skill but his hope, and the hope of his white strain, are politically, certainly, in the world of today and not in the world of yesterday. Latin America has indeed deep foundations upon which to build, and they have become the stronger as it has approached more and more closely to the political ideals and standards of the modern world to which its people, as those of Saxon America, so thoroughly belong.

*Chapter XI*

## NATIONALISM AND FOREIGN RELATIONS

THE twenty nations of Latin America are distinct peoples, intensely nationalistic, proudly patriotic. Spanish and Indian heritages, the lasting regionalism of the one and the tribalism of the other, are primarily responsible, but the isolation between the various units deliberately set up by Spain during the colonial era was highly important, and in the wars of independence there was little or no confusion of the identities of the revolutionary military units. All of the countries as they exist today, with the exception of Bolivia, Uruguay and Panamá, whose national entities were later established, and Cuba, whose independence came in 1898, go back to the revolutions against Spain, France and Portugal.

Only two even partially successful efforts have ever been made to unite independent nations in Latin America into any form of union. The reference is to Bolívar's "Greater Colombia," now broken into four nations, and to the Central American Union, twice established and as often broken up into the five countries of the Isthmus. On the other hand, there have been those three breakings-up of the original national units. Bolivia was taken from Perú by the liberators in 1825, immediately after independence, Uruguay separated from Argentina in 1828, and Panamá from Colombia in 1903. There have long been signs that Brazil will not always remain a unit, but may separate into at least two nations, but each crisis that passes without this division taking place makes its ultimate realization less likely.

The influence which, as everywhere, has been the most direct determinant of nationalism is, however, the relation

of these nations with one another and with the world outside. Along almost every boundary there has been at some time or another a point of controversy. The similarity of products has stimulated trade barriers. And always outside has loomed, not an aggressive Europe or Asia, but an aggressive protector—the United States—whom legend and patriotic fervor have often embodied with imperialistic designs and ruthless power. These situations, fed by local politicians whose glory and position have seemed always to depend on fear of the world outside, have built a firm nationalism that is at base patriotic and yet has many falsities that make the realization of the dream of a closer-drawn America the more necessary for this very opposition.

The boundary disputes of Latin America go back directly to the colonial days and to the sweeping decrees that laid out viceroyalties and provinces with the same splendid gestures that made personal gifts of tribes of Indians and river valleys from watershed to watershed. America was vaguely divided between Spain and Portugal, at the very beginning, by the uncertainties of a Papal Bull and the treaty of Tordesillas in 1494. By these arrangements Portugal obtained possession of the lands of the New World up to an imaginary line 370 leagues west of the Cape Verde islands, and Spain took all the rest. This line strikes South America at the mouth of the Amazon and, combined with the claims of the Portuguese explorers, gave the basis for the Portuguese holding of Brazil. The Spanish section was divided into administrative units under various names and under rulers of varying grades, and the nations of the independence made their claims of territorial division on their vague boundaries. These divisions included the delimitations of the four viceroyalties (Nueva Granada, which is now Colombia, and Buenos

Aires were added to México and Perú in the Eighteenth Century), four captaincies-general (Guatemala, Venezuela, Cuba and Chile), twelve audiencias, somewhat overlapping the larger divisions, and the innumerable smaller provincial units which created the territorial limits on whose lines were carved the nations of Central America, Paraguay and Uruguay, as well as the smaller political divisions of the larger countries.

These crudely defined territories gave rise to a long series of boundary disputes some of which, like that between Chile on the one hand and Bolivia and Perú on the other, have resulted in bloody wars. Most of them have been resolved by friendly arbitrations marked, as is the boundary between Argentina and Chile, by such final agreements as that symbolized by the famous Christ of the Andes, with its sonorous inscription:

Sooner shall these mountains crumble into dust than Argentina and Chile break the peace which they have pledged at the feet of Christ the Redeemer.

Indeed, the long series of boundary disputes of Latin America has been marked by a record of successful arbitration literally unequaled in history, and in these arbitrations the United States has played the part of a disinterested and very practical friend at court. There remain, today, nine boundary disputes to be settled in Latin America.

One, that over the line between Bolivia and Paraguay in the Grand Chaco in the far interior of South America, came close to causing a war that might have involved other South American countries, in 1929 and 1930, but the machinery set up by the Pan-American Conferences was set in motion and successfully held off a resort to arms at that time.

An actually rather more important issue, that between

Ecuador and Perú over the 40,000 square miles east of the crest of the Andes of Ecuador, is being moved slowly toward settlement. Argentina, early in 1931, brought about a resumption of diplomatic relations between Ecuador and Colombia, interrupted a few years before because Colombia had, by another boundary settlement, seemed to recognize the Peruvian right to this Oriente territory claimed by Ecuador.

There is still pending the dispute between Argentina and Uruguay over the sovereignty of the wide estuary of the Rio de la Plata, the location of the international line having yet to be determined in that mighty stream.

In Central America there are four boundary disputes, one of them involving the route of the proposed Nicaraguan canal, but in all of these the United States has been taking an active part and peaceful settlements are in sight. The national line between Haiti and the Dominican Republic is still to be definitely set.

There remains, also, the boundary dispute between México and the United States, over the nationality of the Chamizal tract in the city of El Paso, Texas. This was once on the Mexican side of the Rio Grande but by a shift in the channel of that erratic stream has for a generation lain safe, but unpopulated, on the United States side of the river bed.

These and the more than twenty similar disputes which are now settled but which have in the past agitated either the chancelleries or the public, or both, in the countries of Latin America, have served definitely to sharpen the razor-edge of nationalism.

The War of the Pacific in 1879, in which Chile took from Bolivia the nitrate and borax deserts and its port of Antofagasta and thus its outlet to the sea, and from Perú its nitrate province of Tarapacá, and, by the settlement half a

century later, half of the provinces of Tacna and Arica, left bitter feeling. In the course of the long political juggling over Tacna and Arica, Chile encouraged Ecuador, on the other side of Perú, in its boundary claims, and so the controversies have fed upon one another.

There have been few wars, however, between the nations of Latin America. The War of the Pacific between Chile and Perú was the most effective in changing boundaries. Paraguay, during the revolution against Spain, met and repulsed an Argentine army sent to join the interior province to the rebels of Buenos Aires. From 1864 to 1870, also, Paraguay, under the dictator Francisco Solano López, fought Brazil, Argentina and Uruguay in a war that stripped Paraguay of its manhood and resulted in no gains and no changes in territory or status. In Central America in the course of the struggles for the formation of the Union and in the political shiftings of various ambitious dictators, there have been invasions of neighboring territories but no wars comparable either to the War of the Pacific or the Paraguayan war. The latter was, indeed, one of the most disastrous in modern history. Virtually all the males except babes and old men were slain, and the population of Paraguay further reduced by pestilence and famine from 900,000 to 300,000 in those six awful years.

Of foreign wars the list, too, can be counted on the fingers of one hand. The historic British occupation of Buenos Aires was prior to the revolution (1806) but there have been subsequent British blockades of the port and in 1833 the British took possession of the Falkland Islands, claimed by Argentina, and deported the Argentine population to the mainland.

In 1865, Spain carried out a minor war against Perú in



which, after Chile had come to the aid of Perú, the Spanish fleet was beaten off from Callao and abandoned the venture.

In 1864, the Austrian Archduke Maximilian, supported by the armies of Napoleon III, entered México and was crowned emperor. He remained in power for three years until, the Civil War in the United States being finished, Washington, with the greatest army in the world at its hand, demanded the withdrawal of the French troops. Maximilian, left to his fate, was defeated by the Mexicans under Juarez, captured and executed by a firing squad.

In 1895, the British threat against Venezuela in the boundary dispute between Venezuela and British Guiana brought a sharp protest from President Cleveland of the United States, and a cessation of encroachments. In 1902 a blockade and threats of bombardment against Venezuelan ports resulted in a naval demonstration by the United States, ending the incident.

These, save for the war of independence in Cuba in 1898 and brief blockades and some landings of marines to collect debts or protect nationals, include the sum total of the foreign wars of Latin America. Cuba and Brazil alone took any active part in the Great War.

Few regions of the world have been so free from foreign battle in the century that has followed their independence, and few nations have had to think so little of armament, certainly none which have the potential riches and the fields for colonization that are possessed by the nations of Latin America.

And so we come to the United States and the Monroe Doctrine. In 1823, when this famous policy was enunciated, the Latin American nations had not yet fought their way to the final victory of Ayacucho. They were embryonic as

yet, living, as nations, only in their grandiloquent declarations of independence. The United States alone, with its 6,000,000 people, and the War of 1812 still rankling, stood out against a cynical world. President James Monroe, scorning British willingness to enunciate such a doctrine with him, on December 2, 1823, announced that the United States would regard as a threat against its own safety the occupation or reoccupation of any of the territories of the New World by a European power, and (speaking to Russia then) any extension of European Colonies in the New World.

It was a brave announcement, and from a stronger power might have received immediate challenge. But, too, it was a statement of the spiritual union of the Americas that stands as firmly today as it did then, despite the fact that, in some quarters, it has been interpreted for almost a hundred years as indicating the thought of the United States of itself as holding a protectorate over Latin America. Yet unquestionably the announcement of the Monroe Doctrine assumed then, and certainly has been maintained on the assumption, that all the countries of the Americas were agreed in opposition to the idea of European aggression. The assumption of the role of champion by the United States meant little to the new nations of Latin America in 1823. They were still busy with their problems of winning the revolution and at least two of them, México and Greater Colombia, had as much population, or more, than had the United States, even if they counted in those figures a great number of Indians, which the United States did not have.

That the Monroe Doctrine has been effective in protecting the nations of Latin America from European invasion and colonization none can deny. The comparison of the maps of Africa and South America in 1823 and in 1931 made in a public address in 1931 by the Acting Secretary of State of

the United States leaves no open ground for discussion there. Africa, unprotected, has been potted with colonies; Latin America is freer than it was in 1823. That the intervention of the United States in the Mexican venture of Napoleon III in 1867 and in the Venezuelan dispute with Great Britain in 1895 were definitely effective, is beyond controversy. That the Monroe Doctrine dissuaded Germany from picking a quarrel with Brazil in the first years of this century with a view to taking Southern Brazil as a German colony is also a generally accepted assumption. The static power of the United States throughout the first century of Latin American independence has, in addition to these well-known instances, unquestionably relieved the Latin American nations from all fear and danger of European or Asiatic encroachment.

But the Monroe Doctrine has become a symbol, in the minds of many Latin Americans, of the supposed imperialism of the United States. Attacked in public and private, and in international bodies from the League of Nations and the Pan-American Conferences down even to medical, educational and highway conferences assembled for quite innocuous ends, United States officials and publicists have sought for years to explain and to answer. There is no intention to succumb to that temptation here.

The United States has chosen, on grounds logically adequate certainly, to maintain the Monroe Doctrine, opposed to European (and by inference to Asiatic) aggression in the territories of the nations of this hemisphere, as a purely private doctrine, a doctrine of self-defense. It has invited the other nations of the Americas to enunciate similar doctrines, and welcomes such enunciations, but none responds. Half the leaders of Latin America hold that the Monroe Doctrine, if it is to be continued, should be a con-

tinental doctrine, to which all should subscribe and the enforcement or application of which should be decided by all the nations together; the United States sees in this a limitation of its freedom of action which in time of crisis might be fatal. The other half of the Latin American political leaders hold that there is no longer a need for the Monroe Doctrine because some of the nations, certainly, have become world powers, and that in a gesture of good will toward Latin America it should be proclaimed as abandoned or at least that North Americans should quit talking about it.

"We know you have an umbrella and will hold it over us in case of rain, but we wish you would not have it up and over us all the sunny time," they say in effect.

There have been, too, the corollaries of the Monroe Doctrine. The note of Secretary Olney to the British Foreign Office on the occasion of the Venezuelan incident of 1895 carried a phrase that still rankles in Latin America, to the effect that "the United States is practically sovereign upon this continent and its fiat is law upon the subjects to which it confines its interposition."

In 1904 President Roosevelt stated, in his annual message to Congress, that "the Monroe Doctrine may force the United States, however reluctantly, in flagrant cases of wrongdoing of importance, to the exercise of an international police power." But J. Reuben Clark, formerly Under Secretary of State of the United States and later Ambassador to México, in his quasi-official brochure on the Monroe Doctrine published in 1930, noted that this so-called "Roosevelt Corollary" was to the effect that the United States should attempt the adjustment of difficulties of weak Latin American nations "lest European Governments should intervene, and intervening should occupy territory—an act which would be contrary to the principles of the Monroe Doctrine."

And then he goes on to this virtual withdrawal of the Roosevelt Corollary as part of the Monroe Doctrine:

"It is not believed that this corollary is justified by the terms of the Monroe Doctrine, however much it may be justified by the application of the doctrine of self-preservation."

The Monroe Doctrine is thus subject to interpretation and to reinterpretation. United States Secretaries of State, and most particularly Charles Evans Hughes when he held that office, have again and again reiterated the separation of the United States policies in the Caribbean from the Monroe Doctrine. The former, it is pointed out, would have developed in their present directions, with the Panamá Canal, whether or not there had ever been a Monroe Doctrine.

The literature on the Monroe Doctrine, official and unofficial, is extensive and controversial. It is one of the most vital of all the foreign policies of the world and it certainly has been extended to apply to Japan in particular and the whole world by inference, and even to the aggression of American powers in America itself, as for instance, in the opposition of the United States to the participation of México in the Nicaraguan revolution in 1927-8. But like all foreign policies, its interpretations cannot be set down in advance nor can they be limited. Policies of foreign offices are the slow growth of the accumulation of decisions, some of which, like the Roosevelt Corollary, are in time withdrawn as that has apparently been withdrawn by the official publication of the Clark report quoted above. But the stream is seldom turned back; it is rather diverted to new channels, and the force of the past reinterpreted and redirected.

Such a redirection of the policy of the United States toward Latin America has been in process of realization for many years. Each administration and each year within those

administrations has seen better relations, less misunderstanding and a greater sympathy in Washington toward the feelings and aspirations of the Latin American countries. The last words regarding the Monroe Doctrine can well have been spoken, in the presentation of the factual maps of its accomplishment for Latin America as compared with the colonial parcelling of Africa in the 108 years between the formulation of the Doctrine and the centenary of the death of President Monroe which gave occasion for the official publication of this illuminating comparison. Allowing this to be the final official word on the Monroe Doctrine would be a milestone in the march toward the co-operation and friendships of the Greater America.

While Latin America has never taken action to enunciate a similar doctrine on its own account or to support the Monroe Doctrine, it has, as a matter of fact, provided two so-called doctrines which definitely supplement it. These are called respectively the Calvo and Drago Doctrines. In 1868 Dr. Carlos Calvo, an eminent Argentine jurist, in a treatise on international law stated that "the collection of pecuniary claims made by the citizens of one country against the government of another country should never be made by force." In 1902, this was reiterated by Dr. Luis M. Drago, also an Argentine, following the statement by President Roosevelt in connection with the second Venezuelan incident, that "We do not guarantee any state against punishment if it misconducts itself, provided that punishment does not take the form of acquisition of territory by any non-American power." Dr. Drago, who was then foreign minister of Argentina, presented to the United States government a memorandum which went several steps further than Dr. Calvo, declaring that, as the collection of loans by mili-

tary means implied "territorial occupation to make them effective," a situation would be created at variance with President Monroe's pronouncement against the acquisition of new colonies by European powers and therefore that "the public debt cannot occasion armed intervention nor even the actual occupation of the territory of American nations by a European power."

These two doctrines, the latter including its acceptance of the Monroe Doctrine in a somewhat left-handed way, are often cited as Latin American counter-doctrines to that of Monroe. In actuality they are counter only to the more recent interpretations of the attitude of the United States toward punitive or debt-collection expeditions. This attitude seems well fixed in the foreign policy of the United States and has often been acted upon by acquiescence to European occupations of ports and customhouses in the Caribbean in order to collect debts and claims. They are taken also to be supplementary to, and extensions of, the Monroe Doctrine.

There remain, still, the issues of the interventions of the United States in the domestic affairs of the countries of Latin America, chiefly those in the Caribbean. Landings of Marines have been made in these countries dozens of times, now in the name of protecting the lives and properties of foreigners, again in the name of peace and order and to prevent a distant or threatened intervention by some European power. These interventions have served, too often, to perpetuate in office presidents and governments which would otherwise have fallen by revolution or *coup d'état*, and as in Nicaragua through twelve years of a "legation guard," to perpetuate unintentionally a single political dynasty. In Central America, since 1923, these interventions have extended to the withholding of recognition from governments

which come to power through revolution, a policy written into a Central American treaty of that year to which the United States was a party. Prior to that, this policy had been applied by President Woodrow Wilson to the end of ousting President Victoriano Huerta of México.

There has been concern, time and again in the countries of South America, that this might be applied to themselves, although the hands-off policy and quick recognition of the South American revolutionary governments of 1930 by President Herbert Hoover largely dispelled this apprehension. Gradually, and with deliberate design, the United States has sought to withdraw in recent years from all its interventions, direct and indirect, in Latin America. The final step was taken, perhaps, on April 17, 1931, when the government of President Hoover announced with regard to the latest disturbances in Nicaragua that the United States "cannot undertake general protection of Americans throughout that country with American forces. To do so would lead to difficulties and commitments which this government does not propose to undertake."

This pronouncement was somewhat modified later, and its interpretation was clarified as being that the United States would not intervene unless the police power of the country in question had fallen down, a condition which, as events proved, had not taken place in Nicaragua. The pronouncement was one of those decisions in a specific instance which do not change the obligations or the intentions of a government, and do not tie its hands for future action. It did, however, certainly have a reassuring effect throughout Latin America and, itself, marks another of the many steps in the steady development of better relations in the Americas which were taken under the regime of President Hoover.



Latin America has passed out of the age of national infancy and although the world power of the United States still remains and still, as through the past century, assures to Latin America the most complete freedom from foreign influences that is enjoyed in any section of the modern world today, there is unquestionably a recognition of the adolescence of some and the full maturity of others of the nations of Latin America. Perhaps the chief reason for the continuing (probably for a long time to come) of the determination of the United States not to tie its hands by alliances, defensive or offensive, with the other countries of the hemisphere is the recognition of this coming maturity. In alliances the United States would be forced, by its own great interests, to dominate. In its relationship of growing co-operation and insistence at the same time upon the independence of action not only of itself but of all the American nations are, on the other hand, probably the soundest groundwork for true friendship.

In the national and continental life of the Latin American nations, the influence of so-called Pan-Americanism has been far greater than they have always been willing to admit. The Pan-American Union in Washington has not been a super-state, nor have its objects been political, but none the less it has been a unifying factor in political relations. The idea of international co-operation, that is, effective Pan-Americanism, has unquestionably advanced further in every direction in the New World than has any similar movement in the Old. The boundary disputes briefly outlined earlier in this chapter are, literally, examples to every other nation in the world in the practical effectiveness of arbitrations. The treaties between the nations of the hemisphere and even the plans for the codification of international law

which have been so painstakingly discussed in recent Pan-American Conferences are not vague ideals, but practical instruments tending slowly toward the realization of international effectiveness. Far from the least of all the grounds for the hope of making a reality of Greater America has been the frank and astonishingly open discussion that has taken place with regard to the bases of co-operation, not in dozens but in hundreds of directions.

Most of the Latin American nations have from time to time been members of the League of Nations. Ecuador and the United States, alone in the Western World, failed to ratify the Versailles Treaty or to accept, at some time or another, membership under the invitations extended to neutrals. From time to time there have been withdrawals, some for financial reasons, some for more serious causes. Argentina left the League after the first assembly, to which it was invited as a neutral in the war, because its proposal for the immediate entry of Germany was voted down. Six years later it paid up its arrears in dues. Brazil in 1926 demanded a permanent seat in the Council, but when this was given to Germany, Brazil withdrew from the League.

México has made the latest and most dramatic entry into the League of Nations, in 1931, accepting a long-sought invitation with a reservation to the effect that it could not subscribe to Article XXI, which excepts "regional understandings like the Monroe Doctrine" from the purview of the League. A similar attitude had been taken previously by El Salvador, probably at the instance of Mexican diplomacy, in 1919 during the negotiation of the Treaty of Versailles, when El Salvador asked for a statement from President Wilson of what the Monroe Doctrine entailed. Costa Rica also requested from the League a definition of the

scope of the Monroe Doctrine when it was asked to reconsider its resignation of 1925.

The attitude of the Latin American countries may be deduced with some accuracy from these three instances and also from the fact that Bolivia, supported by Perú, invoked the interference of the League in the then very delicate relations with Chile over the status of the disputed provinces of Tacna and Arica. Latin Americans in general certainly look upon the League as a potential counterbalance to the influence of the United States in their own countries and on the Western Hemisphere, and some continue to have hopes that the League may ultimately take a part in the balance of power in the Western World. Membership in the League of Nations is a part of the major foreign policy of many governments in the Americas, not necessarily in direct hostility to the United States, but as a canny Spanish provision against possible need of another powerful friend. The Latin American membership in the League is numerous and influential and its eminent jurists and diplomats have sat in the presidency of the League and are active in its important committees.

The League has, however, been meticulous in its observance of the separation of the Old World from the New. It declined to step into the controversy between Bolivia (and Perú) and Chile, and it has avoided every appearance of interference in cisatlantic affairs. Its leaders have not, however, been entirely oblivious to the possibility that the influence of Latin America may in the end be the factor that determines the entry of the United States into the League, and for this reason, as well as for themselves, Latin American membership has been studiously cultivated in and from Geneva. The secretary general of the League made an extended trip through Latin America in 1930 both to urge

renewals of lapsed memberships (the cost of League membership is a not inconsiderable item to many of the smaller countries) and to strengthen the ties between the American nations and Geneva.

Although Europe feels that Latin American importance in the League may ultimately cause United States politicians to feel that their country cannot remain outside, it is probable that the actual effect is diametrically opposite. The problem in the relations of the countries of the Americas has been, as Charles Evans Hughes expressed it when he was United States Secretary of State, that the strong shall not take advantage of their strength, nor, by the same token, that the weak shall not take advantage of their weakness. The plea of weakness is likely to be very powerful in Geneva, but Washington's Latin American policy has been consistently to work for a growing sense of strength and equality—not always appreciated nor accepted by the Latin American countries but actually one of the fundamentals of inter-American relations.

The United States finds its chief difficulty, in Pan-American conferences, in the sense of weakness of certain of the Latin American nations who feel that they must defend themselves against the stronger, and particularly the United States. The effort of all of Washington's diplomacy should be and, even if unconsciously, often is, to inculcate a sense of strength, power and therefore of responsibility, in its sister nations of the hemisphere. Insofar as this is achieved or as it is approached in actuality, the period of full Pan-American co-operation and understanding begins to dawn. The League of Nations is not, the wisest observers of Pan-American affairs in Washington feel, the place for this to be accomplished.

Again we return, even by way of the League of Nations,

to the movement for Pan-Americanism. With all its ancient mistakes and misunderstandings of those ends which no official can admit—even as much as they are set down here—Pan-Americanism is forging the links, if not yet the chain, that will ultimately draw the American nations into the full and sympathetic understanding whose basic reality it has been the aim of these pages to seek out in the very peoples of these nations themselves.

One word should be added here regarding the part which Porto Rico has played and seems destined to play yet more extensively in the closer relations of Latin and Saxon America. Porto Rico became a part of the territory of the United States as a result of the Treaty of Paris which in 1899 ended the war between Spain and the United States over Cuba. Its citizens are very largely Spanish, with but little admixture of Indian blood (although the island's tribes were far advanced culturally) and with less Negro blood than is usually understood. Under the rule of the United States they have developed into excellent administrators and educators, and in the persons of a growing number of capable technicians, have contributed considerably to Pan-American technical congresses. They have become, with some deliberation, a link of understanding between the United States and Latin America which is not without promise for the future. Porto Rican teachers have been trained, in the generation since their independence under the United States flag, in the methods of modern education as applied to tropical and backward peoples and this group, increasing steadily each year, offers a typical link of service to its Latin American relations which the United States seems likely some day to use to its full potentialities.

In the nationalism, the practical patriotism, which is so definite a manifestation of life in the nations of Latin America, there has been a gradual shifting of the ground of international relationships from the controversial to the practical, from the political to the commercial. Much of this has come because of the healthy development of the economic life of those countries through the approach, discussed more extensively in preceding chapters, of economic self-sufficiency and of a realization of the opportunities for obtaining, through economic development, a definite, and a proud, place in the world of today.

To this end the contributions of the mechanical age, and particularly of the discoveries and inventions and machines of the United States, have contributed immeasurably. This contribution is accepted in Latin America as a welcome service, one which the United States, and in part Canada as well, give ungrudgingly and with a profit which puts it beyond suspicion of ulterior political motives.

The gifts of the mechanical age are, indeed, from the viewpoint of their freedom from grounds for suspicion, the soundest links, as yet, between Latin America and the United States. They are what the Latin Americans want and seek in North America, and as such there is no reason for apology if we use them as the first of the many bonds of the future. In the field of business there is no question of motive, for the motive is clear, that is, profit on both sides, with progress on one and increased and improving markets on the other. The old resentments are dying away, and to this end not a little has been contributed by the offerings of business, invention and finance. So overwhelming in importance is this fact that it has again and again, throughout this book, taken the front rank. It does so, seemingly, in the field of the foreign relations of Latin America, for it links those relations

with the growth of healthy and self-sustaining nationalism.

Trade and commerce are becoming the true diplomacy, and the relations of business men, in contacts where the skill and intelligence of both sides have equal play, are supplanting the exchanges of politics and the necessity, actual or feared, for the weaker to take advantage of his weakness or for the stronger to overbear with his power. Through the tribulations of the depression of 1931, the whole world learned the importance of the economic phase of every international relationship. In those days were laid the foundations for a firm new relationship between the nations of the American Hemisphere, correlating one another in their products, finding ways to profit by the contributions of the other. And in this the United States and Canada have much to give, and the countries of Latin America much to return. A new era of foreign relationships rose on the solid tripod of wiser diplomacy, more intelligent financing, and profitable commercial exchange.

## *Chapter XII*

### THE UNITY OF THE AMERICAS

AMERICA is one! In the pages which have preceded we have been moving toward one inevitable conclusion. That is, that the America which extends from pole to pole in the Western Hemisphere must not only, as the world grows older, become more and more closely united in thought and purpose, but that that tendency is here today and that its achievements have been far from inconsiderable already. Too many of us, in the friendliest spirit and with the sincerest anxiety have, in our search for truth, accepted the easy clichés of other times, have been impressed by the fumings of those who would divide us through fear or jealousy or any of a thousand motives. Criticism on both sides there is and will continue to be, but for years that criticism has been as within a family, of the younger for the elder and, most certainly, of the elder with some impatience for the younger. But understanding there is, as well, and growing understanding.

The pride and self-assertion of the Argentine, the firm and humorous assurance of the Chilean, the frankly American manners of the Mexican, are traits that have come to mean, to the Saxon American, just what they mean when he finds them in his own people. And the pride and bombast that the European notes in the North American tourist, the Latin American freely proceeds to remove from the mentality of that peculiar animal with a firmness that is the more effective because it quite understands what it is all about.

All these are patent facts. Behind them are certain realities that have been suggested in the pages which have gone



before. The European can, he insists, pick out a citizen of the United States though he be dressed from top to toe in the raiment of whatever land he is visiting, and even though he wears no horn-rimmed spectacles. The type is definite and persists through every class. Yet that same European has been confusing the South American with the North American for many years, and save only for the fact that most of the tourists from Latin America in Europe are of the classes which enjoy wealth and culture, the analogy might be proven complete in Europe itself.

A generation ago a prophetess whose writings are still inspiring to many thousands declared that in the Americas, without distinction, was being evolved what she called the "sixth race," a type new and apart from the great past of humanity. Often it has seemed as if the growing likeness of thought and of reaction to similar stimuli on the part of Saxon and Latin Americans were proving that Madame Blavatsky was indeed a true seer. As has been suggested in the chapter of "The Coming of Populations," there are similarities between Latin Americans and Saxon Americans that make the one closer to his northern cousin than to his brothers in Spain and Portugal, and the other closer to the other Americans than to England. Both strains are mixed, and exceedingly mixed, and each has in the past clung to the language and standards of European forebears. Yet today, certainly in many things, there is a tendency to draw closer, and in much that already exists is a similarity of standards and action that mean more than we have been ready, easily, to accept.

A great deal of nonsense has been written, talked and believed, about the differences between the Saxon American and the Latin American. On the ground of values (as of

wealth versus culture for instance), on the ground of art and culture, on the ground of ideals of government, individualism, religions and the rest, confusion has been feeding upon itself for a century and more. The fine fervor with which Henry Clay saw in the struggling republicans of Latin America brother-in-arms in the great battle for human rights has been lost sight of, and in proportion as it has disappeared new difficulties and new misunderstandings have rooted themselves in the controversies—but not in the supposed divergencies.

It is amusing to realize that the much-vaunted practicality of the Anglo-Saxon, of the Nordic if you will, has followed his adaptation to his own problems, in the past century, of the practical, scientific, cold-blooded philosophy of the Latin or more broadly of the Mediterranean races. The Greeks based their artistic harmonies on the most perfect mathematical precisions, the Romans built the empire which is recorded history has endured longest of all the world powers that man has built, on scientific law, precision of military art, a system of jurisprudence that is the model of our own age. All these heritages are Latin, or have come down to us through the Latin side of our long past. They exist, in their full powers, today in Latin America.

Only where there is the Indian, that is the Asiatic, the ancient and implacable foe for thousands of years of Saxon and Latin alike, is there basic misunderstanding. And although Indianism would convince the world that it is reviving in México and is a threatening force in Perú, Bolivia and Guatemala, in actuality it is falling to its last defeat after four centuries to rise (with its sound and vivid vital force, as it has always bloomed in rare individuals) in a finer and more human Latinism, Europeanism, Aryanism—what you will—in the era of scientific, engineering and in-

dustrial development which is upon us all. Latin America is but taking back its own when it embraces the gifts of practicality which the Saxon American culture offers him for his salvation and for the rebuilding of his Indian peoples.

The culture of Latin America and the culture of Saxon America are at base one. Both proceed from the fountain-head of Europe, both have been filtered through the rigors of the life of pioneers, the adaptations to new environments and the absorption of native elements. In literature there is no separation; the classic mould is the basis throughout, and the modern style of fiction and the most modern dialectic and belles lettres are found in both. In music, the sources are identical, with a bit more leaning to the Italian than to the German, in Latin America, as compared with the rather broader musical cosmopolitanism of the North, but there is no great division. In painting and sculpture the standards are the same, in many ways ridiculously the same. And the much abused United States motion picture causes, certainly, less violent pains to the Latin American than to, perhaps, even the Canadian and certainly than it does across the Atlantic. There seems, in the broad analysis, hardly the vestige of a controversy over the much discussed need of "cultural understanding" between the Americas—save only in a wider recognition of the achievements of one another.

Again, the pages of this book leave no place for a broad discussion of cultural, educational or even general intellectual tendencies. The separation that there has been between the nations is largely the separation of lack of knowledge and therefore of lack of understanding. The Saxon American has been busy, for the crowded generations past, with his material progress, the Latin American delaying his own until, as in recent years, he has been able to see the road

ahead and the ultimate possibilities of advance through the rigorous effort that progress imperiously demands. Through those years, however, the contributions of science to Latin America have been notable, in works of sanitation and in the establishment of public services of a thousand sorts. The great social welfare foundations have carried the tangible proofs of United States social idealism to far places, and engineering has broken down the barriers of aeons and in these latter years has been offering, to the very hands of the Latin American themselves, the tools for their own emancipation. Capital, in the brief glimpse of its potentialities in the rich investment period of 1923 to 1929, has offered possibilities of growth and self-development similar to those which built the miracle of the progress of the United States in the crowded period following the Civil War. Upon all this have lain the fallow recent years of economic difficulties and the promise that in an emerging world Latin America could, and would, climb side by side with North America in economic, political and social advance.

The deep-founded groundings of co-operation have come into new reality. The Pan-American Union, that bureau established in 1889 as a commercial office for the Latin American republics in Washington, has already grown with its opportunities to offer co-operation that its founders barely guessed it could ever achieve. Six great congresses of the governments of the American nations have met under its aegis, and a hundred specialized conferences on finance, commerce, health, science, engineering, highways, customs, libraries, education, etc., have met and made, each one, steps long or short as might be, in the advance toward greater understanding and, what is more important, toward truer co-operation. The miracle of the political and economic

progress of the United States itself has been mirrored there.

In the next few years this body, with all its potentialities, will furnish a rallying point for inter-American progress; this lies clear before it in the pregnant quarter-century ahead. In the past there has been dour suspicion that the Pan-American Union was dominated by the United States, that its function was that of a "colonial office." In weathering that storm of suspicion and becoming in full reality the symbol and the tool of inter-American co-operation it seems to have proven the soundness of the ideals that formed it and the deep, if not the surface, faith of the national governments which support it.

In looking forward into the future, it seems sure that legal and political standards will remain, as they are, separated. Both Saxon and Latin America have built solidly on their heritages from their differing European origins. It seems sure, on the other hand, that educational standards will tend more to a common type, based primarily on the ideals and methods of the United States, for great educators from Latin America, generations ago, took those methods back to their countries with them, and slowly they have filtered through until they are now standard. The problems of tropical education and education of backward peoples are slowly being solved, in large part on the basis of United States experience and experiment; this is a gift which is taken willingly in Latin America, and will be more and more welcomed.

In commercial life, in its broadest sense, again the tendency is more and more toward the full adaptation of United States methods and of its materials and machinery, for virtually every youth who seeks technical education goes not to Europe but to the United States, while the trend in artistic education continues, and justly, toward Europe.

Through those means the new nations will be developed rapidly and surely into producing and self-sustaining economic units, the basis, always, of progress and human comfort.

That the real bond between North Americans and Latin Americans is economic, is the phrase that comes increasingly even to the lips of sane and realistic Latin American observers. Every page of this book, and of every sincere study of the needs and trends of Latin America today, confirms its reality. Greater America is not an abstraction; it is already an actuality of engineering, of machines, of commerce in all its myriad phases, from the simplest commodity exchange to the secrets of the inner sanctums of international finance. Its development in cultural and artistic fields will grow on these firm foundations.

The Greater America, then, is a reality founded firmly not alone on the needs of the American nations or of the world, but on the very tendencies and reachings of the peoples themselves. The gods have formed, here, one of the mighty new forces in history, and human instinct, ambition and effort have turned that force to the building of the foundations of a structure to which future ages will turn for their refreshing and perhaps for their very lifeblood. The need of today is for understanding and appreciation, the one of the other, and to this understanding we are moving with firmer tread through the channels of our common interests in commerce, in culture and in our continental destiny.

THE END.

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